



ONTARIO ENERGY BOARD

FILE NO.: EB-2011-0099

VOLUME: Technical Conference

DATE: February 13, 2013

THE ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act
1998, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by E.L.K.
Energy Inc. for an order approving just and
reasonable rates and other charges for
electricity distribution to be effective October
1, 2012.

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Wednesday, February 13th, 2013,
commencing at 9:30 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

MICHAEL MILLAR	Board Counsel
RICHARD BATTISTA	Board Staff
JAMES SIDLOFSKY	E.L.K. Energy Inc.
SHELLEY GRICE	Association of Major Power Consumers in Ontario (AMPCO)
RANDY AIKEN	Energy Probe Research Foundation
JAY SHEPHERD	School Energy Coalition (SEC)
MARK GARNER	Vulnerable Energy Consumers' Coalition (VECC)

I N D E X O F P R O C E E D I N G S

<u>Description</u>	<u>Page No.</u>
--- On commencing at 9:30 a.m.	1
Appearances:	1
E.L.K. ENERGY INC. - PANEL 1	2
Questions by Mr. Shepherd:	6
Questions by Mr. Aiken:	37
Questions by Mr. Garner:	39
Questions by Ms. Grice:	47
Questions by Mr. Battista:	57
--- Whereupon the hearing concluded at 11:07 a.m.	59

E X H I B I T S

<u>Description</u>	<u>Page No.</u>
EXHIBIT NO. KT1.1: TECHNICAL CONFERENCE QUESTION RESPONSES TO ENERGY PROBE.	3
EXHIBIT NO. KT1.2: TECHNICAL CONFERENCE QUESTION RESPONSES TO VECC.	3

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING NO. JT1.1: TO DETERMINE WHETHER THE LINE OF PP&E PER CUSTOMER GOES UP FROM 2011 TO 2012 BECAUSE OF SMART METERS	9
UNDERTAKING NO. JT1.2: TO DISCOVER WHAT HAPPENED TO THE \$891,000 WRITTEN OFF IN 2010 FOR STRANDED METERS, WHETHER IT IS BEING COLLECTED FROM RATEPAYERS AND, IF SO, HOW	11
UNDERTAKING NO. JT1.3: TO PROVIDE THE OFFER PRICE OF THE PROPERTY CURRENTLY UP FOR SALE	13
UNDERTAKING NO. JT1.4: TO PROVIDE UPDATED RATE BASE CONTINUITY FOR THE TEST YEAR.	18
UNDERTAKING NO. JT1.5: TO PROVIDE THE REQUESTED SPREADSHEET WITH REDACTIONS	25
UNDERTAKING NO. JT1.6: TOTAL AMOUNT PAID IN 2012 IN COMMISSION TO COLLECTION AGENCY.	27
UNDERTAKING NO. JT1.7: TO PROVIDE MARGINAL COST COMPONENT, AND BASIS FOR USING MARGINAL COSTS RATHER THAN FULLY ALLOCATED COSTS FOR THE TOWN OF ESSEX AS PER ENWIN INTERROGATORY NO. 17(B).	29
UNDERTAKING NO. JT1.8: TO PROVIDE AN EXPLANATION FOR TABLE 7-8	37
UNDERTAKING NO. JT1.9: TO PROVIDE RESPONSE TO ENERGY PROBE NO. 43	38
UNDERTAKING NO. JT1.10: TO PROVIDE RESPONSES TO VECC QUESTION 47(C), 48(A), 48(B) AND 49(A).	40
UNDERTAKING NO. JT1.11: TO PROVIDE ACTUAL AND REGULATED RATES OF RETURN FOR EACH OF THE YEARS 2006 2011.	42
UNDERTAKING NO. JT1.12: TO RESPOND TO ALL OF BOARD STAFF'S PRE-FILED QUESTIONS	57

1 Wednesday, February 13, 2013

2 --- On commencing at 9:30 a.m.

3 MR. MILLAR: Good morning everyone, and welcome. I
4 think we will get started. This is the technical
5 conference in EB-2011-0099, the E.L.K. rates application.

6 We will go around and do appearances, and then I
7 believe, Mr. Sidlofsky, you wanted to introduce your panel
8 and perhaps deal with any preliminary matters.

9 Just by way of introduction, my name is Michael
10 Millar, counsel for Board Staff. I am joined by Richard
11 Battista, who will be asking most of the questions.

12 There are, of course, no Board Panel members here
13 today. Mr. Battista and I do not speak for Board Panel
14 members and, to the extent there are any disputes amongst
15 the parties, we're not really empowered to resolve them, at
16 least with rulings, so we will have to do our best.

17 Why don't we go around with appearances, and then I
18 will hand it over to you, Jamie?

19 **APPEARANCES:**

20 MR. SHEPHERD: You caught me not paying attention.
21 Jay Shepherd, School Energy Coalition.

22 MR. AIKEN: Randy Aiken, Energy Probe Research
23 Foundation.

24 MR. SIDLOFSKY: James Sidlofsky, Borden Ladner
25 Gervais, counsel to E.L.K.

26 MS. GRICE: Shelley Grice, consultant for AMPCO.

27 MR. GARNER: Mark Garner, consultant for VECC.

28 MR. MILLAR: That's everyone we have right now. Mr.

1 Sidlofsky, any preliminary matters or would you like to
2 introduce your panel?

3 MR. SIDLOFSKY: Thank you, Mr. Millar. I will start
4 by introducing the panel. I am here this morning with Mark
5 Danelon, manager of finance and regulatory for E.L.K.; Norm
6 MacAulay, manager of operations for E.L.K.; and Bruce
7 Bacon, a rate design consultant with BLG assisting E.L.K.
8 this morning.

9 **E.L.K. ENERGY INC. - PANEL 1**

10 **Bruce Bacon**

11 **Mark Danelon**

12 **Norm MacAulay**

13 MR. SIDLOFSKY: As a preliminary matter, E.L.K.
14 received a number of questions following up on
15 interrogatory responses. I believe that E.L.K. now has
16 questions from Board Staff, VECC, Energy Probe, and
17 yesterday afternoon I believe AMPCO provided follow-up
18 questions, as well.

19 E.L.K. has been able to answer almost all of the
20 Energy Probe and VECC questions, and I've provided copies
21 of those responses to Board Staff and to the parties, and I
22 think it is appropriate that those be entered as exhibits.

23 MR. MILLAR: Why don't we mark those? I assume these
24 were just finalized this morning, is that right, Mr.
25 Sidlofsky, or were they sent out yesterday?

26 MR. SIDLOFSKY: No, they haven't been sent out yet.

27 MR. MILLAR: Well, let's mark them now. I am not sure
28 if the parties will have any follow-up questions, but let's

1 put these on the record. So KT1.1 will be the technical
2 conference responses to Energy Probe, and KT1.2 will be the
3 responses to VECC.

4 **EXHIBIT NO. KT1.1: TECHNICAL CONFERENCE QUESTION**
5 **RESPONSES TO ENERGY PROBE.**

6 **EXHIBIT NO. KT1.2: TECHNICAL CONFERENCE QUESTION**
7 **RESPONSES TO VECC.**

8 MR. SIDLOFSKY: Now having done that, there are a
9 couple of things I should note.

10 With respect to the Energy Probe responses, the
11 response to Energy Probe question 43 is outstanding, and
12 E.L.K. advises me that they're prepared to give an
13 undertaking to provide that answer.

14 Similarly, in the responses to the VECC questions set
15 out in KT1.2, there are four questions that are outstanding
16 at this point, question 47(c), 48(a), 48(b) and 49(a), and,
17 once again, E.L.K. is prepared to provide an undertaking to
18 provide those answers.

19 MR. MILLAR: How would the parties like to deal with
20 this? I don't know the extent to which VECC and Energy
21 Probe have actually looked through the responses they have
22 received, and it's possible there may be some
23 clarifications with respect to that.

24 We could assign undertaking numbers to the outstanding
25 questions right now, if that is how parties would like to
26 go, or it may be that you prefer to have a look at the
27 questions, and then when you are up, we will assign an
28 undertaking number to the outstanding questions, and then

1 make sure that you understand the answers that you have
2 already received. Any thoughts on that?

3 MR. AIKEN: I would prefer your second option.

4 MR. MILLAR: Okay. Why don't we mark them when the
5 parties come up, Jamie, if that is satisfactory.

6 MR. SIDLOFSKY: That's fine.

7 MR. MILLAR: Were there any preliminary issues or can
8 we turn it over to Mr. Shepherd?

9 MR. SIDLOFSKY: I think at this point we can turn it
10 over.

11 MR. SHEPHERD: I have a preliminary issue. The Board
12 has ordered production of certain confidential documents.
13 Do you have them with you?

14 MR. SIDLOFSKY: Oh, sorry. I have one of those
15 documents with me. The response to School's 12, I believe,
16 was --

17 MR. SHEPHERD: The financial.

18 MR. SIDLOFSKY: -- copies of the financial statements
19 for the affiliate. I do have those. I haven't received --
20 I don't believe I have received an undertaking yet.

21 MR. SHEPHERD: You have from me. I did it yesterday.

22 MR. SIDLOFSKY: I'm sorry.

23 MR. SHEPHERD: I filed it yesterday with my letter.
24 You saw my letter yesterday?

25 MR. SIDLOFSKY: I did not see your letter yesterday.

26 MR. SHEPHERD: I don't have my computer with me, but
27 it was sent to you.

28 MR. MILLAR: Why don't we --

1 MR. SIDLOFSKY: I apologize, then. If I have the
2 undertaking, that's fine. I do have a copy of the
3 financial statements.

4 MR. SHEPHERD: Can Board Staff confirm the Board has
5 the undertaking?

6 MR. BATTISTA: The undertaking was filed. It was e-
7 mailed yesterday. For some reason, you might not be on the
8 e-mail list.

9 MR. SHEPHERD: Oh, really?

10 MR. SIDLOFSKY: I think that is right, because I
11 haven't seen --

12 MR. BATTISTA: The applicant --

13 MR. SIDLOFSKY: I haven't seen the procedural orders
14 directly, either.

15 MR. MILLAR: Why don't we pull up --

16 MR. SIDLOFSKY: That may be why I don't have it, but I
17 could have the --

18 MR. MILLAR: It sounds like it has been received. Why
19 don't we pull it up, Mr. Shepherd? Maybe you could begin
20 and we will try to get a hard copy.

21 MR. SHEPHERD: I don't have to give it to the
22 applicant, anyway. I have to give it to the Board.

23 MR. MILLAR: I can probably pull it up here.

24 MR. SHEPHERD: The second part of that is there is two
25 others. We're not asking for the two salary amounts.
26 Somebody else may ask for it, but I don't need them.

27 But the MEARIE study, the Board -- there's currently a
28 Board order that you produce it, and so I would like it,

1 please.

2 MR. SIDLOFSKY: We're not prepared to produce it
3 today.

4 MR. SHEPHERD: The Board has ordered you to produce
5 it.

6 MR. SIDLOFSKY: I understand. I have read Procedural
7 Order 3. I also understand that the Board is issuing a
8 separate procedural order to deal with that, to deal with
9 the issue of the MEARIE survey. We are not prepared to
10 deal with it today. We have withdrawn the answer. We have
11 withdrawn the survey.

12 MR. SHEPHERD: But the Board didn't give you the
13 option to withdraw the answer. The Board told you to
14 produce it; right?

15 MR. SIDLOFSKY: Mr. Shepherd, what I can tell you is
16 that we are not prepared to produce it today.

17 MR. SHEPHERD: All right.

18 MR. SIDLOFSKY: I do expect the Board -- or I
19 anticipate the Board will deal with this by way of another
20 procedural order.

21 MR. SHEPHERD: Okay.

22 **QUESTIONS BY MR. SHEPHERD:**

23 MR. SHEPHERD: I asked my colleagues if I could do my
24 questions first, because I have another proceeding in the
25 other room that I have to be at ten minutes ago. So if I
26 talk fast, my apologies.

27 My name is Jay Shepherd. I don't think I've met -- I
28 know Bruce, but I don't think I have met either of you.

1 One of you is Mr. Danelon? And, sorry, I didn't catch your
2 name when you were introduced.

3 MR. MacAULAY: Norm MacAulay.

4 MR. SHEPHERD: Oh, okay, thank you. My apologies for
5 not paying attention.

6 I want to start with Energy Probe Interrogatory No. 3.
7 I am actually going right from the start of the package of
8 interrogatory responses, so I am on page 9. I am going to
9 go through them sequentially, so it should be easy. And --

10 MR. BACON: Just to be helpful to us, we have tried to
11 organize this under the new issue concept. So if you could
12 give us the exhibit number, because that is how we have
13 organized the questions.

14 MR. SHEPHERD: All right. Exhibit 1, tab 2,
15 schedule 1.

16 MR. BACON: Okay. We can use the exhibit number.

17 MR. SHEPHERD: Energy Probe Interrogatory No. 3. Do
18 you have that?

19 MR. BACON: Yes.

20 MR. SHEPHERD: And the question is you were asked why
21 should rates be retroactive to October 1st, and you
22 declined to answer, saying you will give submissions later.

23 And I guess we would like to know what your case is at
24 the outset. So can you tell us what your position is,
25 please?

26 MR. BACON: I think our position is that we are
27 looking to have rates effective the date after we receive
28 the final order from the Board, and that would be the

1 effective date. And that, I guess, from that date onward
2 would be what we would see new rates be effective to.

3 MR. SHEPHERD: Sorry, I guess my understanding is that
4 E.L.K. has asked for rates to be retroactive to October
5 1st. Is that not right?

6 MR. BACON: That was the date that is in the
7 application. We understand that that probably will not be
8 the date that rates are effective. And we don't -- we're
9 not looking for retroactive rates back to October 1st. Is
10 that correct?

11 MR. DANELON: Yes.

12 MR. SHEPHERD: But you are looking to recover your
13 entire 2012 revenue requirement on a delayed basis,
14 starting whenever the rates start for 12 months?

15 MR. BACON: That's correct.

16 MR. SHEPHERD: All right. Thanks.

17 Next is Exhibit 1, SEC No. 1. And I have three
18 questions about this, I think, or four. The first is on --
19 if you take a look at the table on the second page of the
20 IR response, you have numbers there for financial ROE of --
21 we put 1,583 and 1,595 for 2009 and 2010, and I understand
22 those are wrong and that you have now corrected those; is
23 that right?

24 MR. DANELON: Only the 2011 ROE number was restated,
25 per the financial statements. 2010 and 2009 were not
26 restated.

27 MR. SHEPHERD: But you found an error that means these
28 numbers, although they're correct and they are what the

1 financial statements say, they're not actually what you
2 earned in those years, right?

3 MR. DANELON: That's the assumption.

4 MR. SHEPHERD: Okay. The second question on this
5 table is, the line of PP&E per customer, it goes down every
6 year, and then it goes up from 2011 to 2012.

7 Am I right that it goes up from 2011/2012 because of
8 smart meters?

9 MR. DANELON: I would like to take that as an
10 undertaking.

11 MR. SHEPHERD: Okay.

12 MR. MILLAR: JT1.1.

13 **UNDERTAKING NO. JT1.1: TO DETERMINE WHETHER THE LINE**
14 **OF PP&E PER CUSTOMER GOES UP FROM 2011 TO 2012 BECAUSE**
15 **OF SMART METERS**

16 MR. SHEPHERD: My next question on this is related to
17 the revenues by customer class. And if you take a look at
18 -- we asked why are residential and GS under -- the
19 residential GS under 50 and GS over 50 so wonky. That
20 wasn't exactly how we worded it, but that is what we meant.

21 And I understand your answer to be that what you
22 reported was only the volumetric component and not the
23 fixed-charge component of those three classes for 8, 9, 10
24 -- or, sorry, 8, 9, and 10; is that right? Do you have the
25 correct figures for those?

26 MR. DANELON: Not at this time.

27 MR. SHEPHERD: Well, you worked with Board Staff to
28 figure out what the error was, right, and presumably they

1 told you what the -- they helped you work out what the
2 correct figures were.

3 MR. DANELON: Right. So we corrected 2011 numbers at
4 that time.

5 MR. SHEPHERD: But you haven't corrected 8, 9, and 10.

6 MR. DANELON: I was never -- we were never -- E.L.K.
7 was never instructed to correct that.

8 MR. SHEPHERD: Okay. And then the last question I
9 have on this is, in 2010 -- one of your explanations is
10 that in 2010 you wrote off your stranded meter costs, and I
11 was a little surprised by that, because I thought everybody
12 was waiting until they made a smart meter application and
13 wrote off their costs so they could collect them.

14 So you haven't collected those from ratepayers? You
15 haven't collected that loss from ratepayers? Or do you
16 have it in an account somewhere?

17 [Witness panel confers]

18 MR. BACON: We believe it is in the stranded meter
19 amount, but we need to check it to make sure.

20 MR. SHEPHERD: So you are seeking to collect it sort
21 of in this application. You're seeking to collect it as
22 a --

23 MR. BACON: We have to go back and make sure it is
24 included in the stranded meter amount. So I guess we need
25 to take an undertaking.

26 MR. SHEPHERD: Okay.

27 MR. MILLAR: JT1.2. Mr. Shepherd, could you repeat
28 the question?

1 MR. SHEPHERD: Yes, I am trying to figure out what
2 happened to that \$891,000 that was written off in 2010 for
3 stranded meters. Is it in this proceeding being somehow
4 collected from ratepayers? And if so, how?

5 **UNDERTAKING NO. JT1.2: TO DISCOVER WHAT HAPPENED TO**
6 **THE \$891,000 WRITTEN OFF IN 2010 FOR STRANDED METERS,**
7 **WHETHER IT IS BEING COLLECTED FROM RATEPAYERS AND, IF**
8 **SO, HOW**

9 MR. SHEPHERD: My next question is with respect to
10 Exhibit 2 and Board Staff No. 3. Board Staff No. 3 talks
11 about the declining rate base, and I understand the answer
12 to the question, but it raises another question, and that
13 is, we rarely see utilities that have declining rate base.

14 Is your residential customer base or your commercial
15 customer base declining, that you need less rate base? Why
16 is your rate base going down, is what I am asking.

17 MR. BACON: The real simple answer is, depreciation is
18 higher than capital, but...

19 MR. SHEPHERD: Well, no, I understand that, but that
20 is very unusual.

21 MR. BACON: I know, I know.

22 MR. SHEPHERD: And, you know, customers are concerned
23 if you are not reinvesting enough in the utility. So I am
24 asking the question, why are you not reinvesting more in
25 the utility? I mean, one reason is you're in a declining
26 area, but I didn't think your area was like that. I didn't
27 think it was a declining area.

28 MR. DANELON: No, our residential customers are not

1 declining.

2 MR. SHEPHERD: And in fact, you still have new
3 developments being built from time to time, right?

4 MR. DANELON: Correct.

5 MR. SHEPHERD: Because do I understand that you're
6 sort of a little bit -- your communities are bedroom
7 communities for Windsor; is that right? I didn't hear any
8 answer, sorry. You have to speak.

9 MR. MacAULAY: Yes, yes. Predominantly we're
10 dormitory towns.

11 MR. SHEPHERD: So from time to time you will have new
12 developments because new houses are being built for that
13 purpose?

14 MR. MacAULAY: Correct.

15 MR. SHEPHERD: Okay. Do you have a plan that looks at
16 why your -- at what your capital spending profile should
17 be?

18 MR. DANELON: There is no specific plan of what our
19 capital expenditures should be, other than our yearly
20 budget.

21 MR. SHEPHERD: Okay. Does your board of directors,
22 when you present the yearly budget, not ask you, why aren't
23 you spending more on this?

24 MR. DANELON: No.

25 MR. SHEPHERD: Okay. My next question is with respect
26 to Board Staff Interrogatory No. 6, still in rate base. And
27 this talks about the closure of the Kingsville service
28 area, service centre, and consolidation into, I guess,

1 Essex, right?

2 MR. DANELON: Correct.

3 MR. SHEPHERD: And so I understand that that means
4 that there is some additional expenses in the Town of
5 Essex. Did you save some money in Kingsville as well? Did
6 you sell the property or...

7 MR. DANELON: The property is currently up for sale.

8 MR. SHEPHERD: It is owned by the utility?

9 MR. DANELON: Correct.

10 MR. SHEPHERD: What is the sale price, or the offer
11 price?

12 MR. DANELON: I don't have that. Only the CEO. He's
13 dealing with the sale.

14 MR. SHEPHERD: Can you undertake to provide that?

15 MR. DANELON: Yes.

16 MR. MILLAR: JT1.3.

17 **UNDERTAKING NO. JT1.3: TO PROVIDE THE OFFER PRICE OF**
18 **THE PROPERTY CURRENTLY UP FOR SALE**

19 MR. SHEPHERD: My next question follows up on AMPCO
20 Interrogatory No. 5, which is -- I am in rate base until I
21 say I am somewhere else, okay?

22 And AMPCO No. 5 talks about the transformer station
23 that was decommissioned in 2012. And so first of all, I
24 want to -- I have actually never seen a decommissioning of
25 a transformer station by an LDC, so can you help us with
26 why was it decommissioned, how old is it, what was the
27 reason why you didn't continue it?

28 MR. BACON: Just before we go there, I had a little

1 confusion here as well. But E.L.K. uses -- let me make
2 sure I am correct. They use the word "transformation
3 stations" for distribution stations, as well.

4 MR. SHEPHERD: So this is a municipal distribution
5 system. What is the voltage?

6 MR. MacAULAY: 27.6 to 4.16.

7 MR. SHEPHERD: Oh, okay. So that is not a TS as we
8 would normally think of one?

9 MR. MacAULAY: No.

10 MR. SHEPHERD: Okay, I understand.

11 And so when you are talking about the five transformer
12 stations owned by Hydro One, those are actually all 27.6 to
13 4.16?

14 MR. MacAULAY: No.

15 MR. SHEPHERD: No.

16 MR. MacAULAY: No. Two of them are 27.6 to 8 kV.

17 MR. SHEPHERD: So just while I am on this, let me
18 understand, because your utility appears to have an unusual
19 configuration. Your main feeders are actually owned by
20 Hydro One?

21 MR. MacAULAY: That's correct.

22 MR. SHEPHERD: They run through the towns?

23 MR. MacAULAY: Some of the towns.

24 MR. SHEPHERD: Some of the towns. Essex and
25 Kingsville?

26 MR. MacAULAY: Essex, Kingsville, Harrow.

27 MR. SHEPHERD: Then the only assets you own, then, are
28 the sub-feeders that come off those; right?

1 MR. MacAULAY: We own all of the lateral taps and all
2 of the assets inside the plant. They run through our
3 municipalities to the grid tie point so they can tie to the
4 other stations.

5 MR. SHEPHERD: And so these lines that are owned by
6 Hydro One, they're owned by Hydro One Distribution
7 component?

8 MR. MacAULAY: That's correct.

9 MR. SHEPHERD: Distribution?

10 MR. MacAULAY: Yes.

11 MR. SHEPHERD: And they're 27.6 lines?

12 MR. MacAULAY: Except -- yes.

13 MR. SHEPHERD: Yes. They're 27.6 lines.

14 MR. MILLAR: Mr. Shepherd, sorry to interrupt. Could
15 the witness speak up just a little bit, please? We're
16 having a little bit of difficulty. You can always just go
17 closer to the mic, if that is convenient, but the court
18 reporter needs to be able to hear you.

19 MR. MacAULAY: Sorry.

20 MR. SHEPHERD: My next question is on AMPCO
21 Interrogatory No. 6, and this is -- you were asked for your
22 approved capital budgets. My only question is: Are these
23 the actual documents that were the budgets that were
24 approved, or are these reconstructions of what you asked
25 for?

26 MR. DANELON: These are documents that are approved by
27 the board.

28 MR. SHEPHERD: You went to the board and said, Here,

1 there is our budget, and they said, Okay, that is approved?

2 MR. DANELON: Correct.

3 MR. SHEPHERD: Okay, thank you. My next question
4 relates to Energy Probe Interrogatory No. 7 under Exhibit
5 2. But this actually applies to a whole lot of questions,
6 so why don't we just deal with it generally?

7 You were asked to give updated information, either '10
8 plus two or '11 plus one information, for 2012, or the full
9 year, if you had it.

10 And you said you can't give anything except the
11 forecast, because you don't keep track during the year of
12 your running totals. I have never seen that before, so I
13 am wondering, how do you keep on top of your spending,
14 whether it is capital or it is operating or anything else,
15 if you don't know what your running total is during the
16 year? I don't understand that.

17 MR. DANELON: Practice at E.L.K. is to simply do year
18 end financials. Monthly financials are not completed.

19 So to view the running totals would simply be
20 basically through an accounts payable process, and that is
21 it.

22 MR. SHEPHERD: Well, the question I am asking - maybe
23 it is a question for Mr. MacAulay rather than for you - is:
24 When you are operating the utility, you have to be on top
25 of your budget; right? You have to know whether you are
26 spending what you are allowed to spend, because your board
27 of directors has given you approval for a certain amount.

28 You have to know whether you are on track or not. How

1 do you do that? Most utilities have a month end report of
2 some sort that says, Here's what we spent, here is how it
3 compares to budget, here is how much we have left.

4 What do you do to achieve that result?

5 MR. MacAULAY: Typically, I would try to follow all of
6 my projects. So I have my assets that I need to purchase.
7 So I follow my purchasing and I watch my hours that I am
8 consuming on a project as I move forward.

9 MR. SHEPHERD: So you monitor on a project basis
10 rather than on an overall cost basis?

11 MR. MacAULAY: Correct.

12 MR. SHEPHERD: All right. My next question is on
13 Energy Probe No. 9. I am actually going to get to
14 questions on my own interrogatories, too, at some point.

15 Energy Probe No. 9 asks for information on timing of a
16 couple of things. If you take a look at (e) and (g), both
17 asked about things that were supposed to come in service in
18 2012 and in both cases didn't.

19 Have you provided an update of your rate base
20 calculation for these amounts?

21 MR. BACON: No. The rate base hasn't been -- let me
22 just confer. Sorry.

23 [Witness panel confers]

24 MR. BACON: No. The rate base hasn't been updated for
25 these.

26 MR. SHEPHERD: Okay. So these are some of your larger
27 expenditures; right? Well, reasonably large, anyway.

28 So I guess I'm wondering, can you give us an updated

1 rate base continuity for the test year?

2 MR. BACON: Yes. Yes, we can. That will be an
3 undertaking.

4 MR. MILLAR: JT1.4.

5 **UNDERTAKING NO. JT1.4: TO PROVIDE UPDATED RATE BASE**
6 **CONTINUITY FOR THE TEST YEAR.**

7 MR. SHEPHERD: Then my next question in Exhibit 2 is
8 Enwin Interrogatory No. 6. I am looking specifically at
9 6(d). You were asked about the distribution of your poles,
10 your age distribution of your poles.

11 And I did the math and it looks like you're saying
12 that you have no poles over 75 years old, is that right,
13 because, again, that is unusual? Every utility has some
14 pole that they joke about, that it's 105 years old, you
15 know.

16 [Laughter]

17 MR. MacAULAY: To the best of my knowledge, we have no
18 poles over 75 years old. I am working with the information
19 that we have readily available, so...

20 MR. SHEPHERD: All right. That was going to be my
21 next question is: What was the source of that breakdown?

22 Do you have an age distribution breakdown, or did you
23 sort of ask your field people to estimate?

24 MR. MacAULAY: Our field people did an analysis back
25 in 2000 when we did our valuation for the corporation. So
26 spot samples were taken to assess dates to sections of the
27 plant as it was built. So that is what we're running our
28 numbers off of presently.

1 MR. SHEPHERD: So you just updated that --

2 MR. MacAULAY: Yes.

3 MR. SHEPHERD: -- number? But you don't keep track
4 every year of the age of the ones that fall down. You do
5 an estimate every year and sort of a best guess; right? Is
6 that fair?

7 MR. MacAULAY: That would be fair, yes.

8 MR. SHEPHERD: Thanks.

9 Then the next one is School Energy Coalition No. 7.
10 In (b), we asked you to provide asset condition assessments
11 prior to the current one. What we were trying to get at in
12 our subtle way was you did a MAADS application in which
13 Essex bought from Kingsville and Lakeshore; right?

14 MR. DANELON: Correct.

15 MR. SHEPHERD: And that was in 2009 or 2010? 2009, I
16 think; right?

17 MR. DANELON: 2009.

18 MR. SHEPHERD: 2009, yes. And at that time, we know
19 that you went out to other utilities to get a bid, because
20 you had to -- as part of your shareholder agreement
21 process, you had to get other utilities to talk about the
22 value of it so that, then, Essex and the others could
23 figure out what their price was; right? That was the
24 process?

25 MR. DANELON: I began at E.L.K. in 2009. So I guess I
26 don't know the answer to that.

27 MR. SHEPHERD: Oh, okay. Well, anyway, I will tell
28 you that is what it was, because I was actually involved in

1 the proceeding. It was a right of first refusal, and Town
2 of Essex exercised it and bought the shares. And it was
3 based on a bid I think from Chatham-Kent, but I don't
4 remember.

5 My point is that when those other bidders looked at
6 the assets, presumably there was an asset condition
7 assessment done by somebody. And that is why we were
8 asking. We wanted whatever those -- that document or
9 documents were.

10 Do you know of any that were done at that time by
11 anybody?

12 MR. DANELON: I am not aware of any that were done.

13 MR. SHEPHERD: Mr. MacAulay, you were there, right?

14 MR. MacAULAY: Yes, I was there. I am not aware of
15 any asset condition that was done or -- the sale was
16 actually -- the towns put up their portions for sale and
17 seek bids. It wasn't that we put our company up for sale.
18 Kingsville --

19 MR. SHEPHERD: True. But you had -- for example, you
20 had the operations people from Chatham-Kent in your office
21 looking around, right?

22 MR. MacAULAY: No, I did not.

23 MR. SHEPHERD: Really? Okay. That is interesting.
24 Okay. Thank you.

25 My next question is with respect to SEC No. 10(e), and
26 we were asking about assets that you operate on a run-to-
27 failure basis, because every utility has lots of assets
28 that they operate on that basis. It is the most efficient

1 way to deal with them.

2 And that's fine. Most of these I understand, but the
3 one I didn't understand was poles. Very few utilities
4 operate poles on a run-to-failure basis. It suggests that
5 you wait until the pole falls down before you do anything
6 about it. Is that true?

7 MR. MacAULAY: Not necessarily. If we identify that
8 we're having experienced rot or for -- through our
9 inspections we're identifying something that needs to be
10 addressed, we will address it at that time. But our actual
11 pole failures are significantly low for a utility, period.

12 MR. SHEPHERD: Yes? So it hasn't been a problem yet?

13 MR. MacAULAY: No, it has not.

14 MR. SHEPHERD: Okay. Thank you.

15 Then still in that same interrogatory response, I am
16 now in number (1). And my question is an accounting
17 question, I guess. I hope I have the right people here to
18 answer it.

19 You are using 25 years as your useful life for poles.
20 This just happens to be an example. And you know that that
21 is not your actual life, and you have identified that it is
22 -- somewhere between 35 and 75 is the right range, right?

23 MR. MacAULAY: Correct.

24 MR. SHEPHERD: Have you discussed with your
25 accountants or your auditors how you can use 25 if you know
26 it is an incorrect number?

27 MR. DANELON: There has been no formal discussions at
28 this point. We are planning on reviewing the depreciation

1 rates in 2013.

2 MR. SHEPHERD: Okay. Then (m) is the next one down
3 the page. We asked about the increasing trend for failure
4 rates in pad-mounted switch gear. And you only have one,
5 so we didn't understand how you had a trend, and I still
6 don't understand, from your answer, how you have a trend.

7 MR. MacAULAY: We don't specifically have a trend.
8 The document was built to be all-encompassing. We are
9 anticipating through the one project that didn't go last
10 year of increasing their number of switch gear by an
11 additional two this year, which is going to continue to
12 grow our numbers. So the document was built for -- to work
13 in the future, as well as present.

14 MR. SHEPHERD: Okay. Thanks.

15 My next question is on Exhibit 3, and it is VECC
16 Interrogatory No. 12. And my question is really -- and I
17 didn't see this in your application, but it actually may be
18 there and I just missed it because I don't pay as much
19 attention to Exhibit 3 as I should, perhaps. Bill and
20 Randy do that.

21 But GS -- sorry?

22 MR. BACON: I am quite disappointed.

23 [Laughter]

24 MR. SHEPHERD: Sure. In GS over 50 you are showing a
25 decline in your customers in that category, number of
26 customers in that category, and I -- when I look at the
27 volume I see quite a big drop in volumes as well.

28 Am I right that you are losing some bigger GS over 50

1 customers? Is that the thing that is happening here?

2 MR. DANELON: My understanding is that an annual
3 review is done on a yearly basis, and based on that review,
4 customers, based on the usage, would go down to a less than
5 50 customer, and then sometimes they go up. So there has
6 been a small decrease based on the usage.

7 MR. SHEPHERD: So it is a decrease in the smaller ones
8 then, it is not a decrease in the bigger ones. See, there
9 is a different impact on the utility if you lose somebody
10 who has 1,000 kilowatts of demand, as opposed to somewhere
11 between 40 and 60 and they move back and forth between
12 classes. The 40 to 60 one doesn't make a big impact on
13 you. The 1,000 kilowatts does.

14 So that is why I am asking. Are you losing big
15 customers, or are you just having people move around
16 between the classes?

17 MR. DANELON: They're just moving from class to class.
18 We're not losing the customer to another area.

19 MR. SHEPHERD: Okay. Excellent.

20 Then my next question is -- and I am now in Exhibit 4,
21 Staff Interrogatory No. 18. And I am looking at number
22 (b). This is regulatory costs. I have a rule I never ask
23 questions about regulatory costs, but this one I thought I
24 would clarify.

25 Do I understand that your total costs for this
26 proceeding, I should just multiply each of those three
27 numbers in (b) by four?

28 MR. DANELON: Correct.

1 MR. SHEPHERD: Okay. Wonderful.

2 My next question is with respect to Board Staff
3 Interrogatory No. 20. This is your mechanism for charging
4 the Town of Essex for water and sewer billing.

5 I have a couple of questions about this. The first
6 is, your standard markup, overhead markup, is 50 percent,
7 right? That is what you use internally. When you burden
8 something, you burden at 50 percent.

9 MR. DANELON: Correct.

10 MR. SHEPHERD: So I don't understand why you are using
11 20 percent for the Town. Can you help me with why that is
12 different?

13 MR. DANELON: The 20 percent includes -- a spreadsheet
14 was done to create a mechanism of what it basically costs
15 to do the process of charging the Town of Essex for the
16 water billing. So we tried to break out time, which
17 includes the burden. Then we included, for example, what
18 the postage would be, what the costs of the equipment would
19 be, but the labour time included in that amount already
20 includes the 50 percent burden.

21 MR. SHEPHERD: So the markup of 20 percent is then
22 just to cover the capital component that otherwise wouldn't
23 be captured in the spreadsheet.

24 MR. DANELON: Correct. The...

25 MR. SHEPHERD: Do we have that spreadsheet?

26 MR. DANELON: No.

27 MR. SHEPHERD: Can I have it, please?

28 [Witness panel confers]

1 MR. DANELON: Yes, we can provide it.

2 MR. SHEPHERD: If there are -- before you give it a
3 number, if there are names of individuals or if there are
4 ways of identifying individual salaries and things like
5 that on it, which I understand might be in that sort of
6 calculation, then please, you know, either redact those or,
7 you know, disguise who is getting what, but otherwise give
8 us what the calculation was. Could you do that?

9 MR. DANELON: Sure, yes.

10 MR. MILLAR: JT1.5.

11 **UNDERTAKING NO. JT1.5: TO PROVIDE THE REQUESTED**
12 **SPREADSHEET WITH REDACTIONS**

13 MR. SHEPHERD: My next question is on AMPCO
14 Interrogatory No. 14. And it is also in Exhibit 4. And it
15 is number (b). And I have two questions on this. The
16 website redesign that you are talking about here, your
17 third-party provider for CDM basically said to you, Look,
18 your website isn't good enough for us to do this job
19 properly. We will fix your website for you and we won't
20 charge you, because it will help us to do the CDM stuff.
21 Is that in the ballpark?

22 MR. DANELON: No, it was E.L.K. that initiated the
23 reconstruction of the website. It was never the third
24 party that said, We need it to be better.

25 MR. SHEPHERD: But they did it for free.

26 MR. DANELON: Correct.

27 MR. SHEPHERD: Okay. And so then the -- and they did
28 it because obviously a better website helps them sell CDM.

1 MR. DANELON: That could be, yes.

2 MR. SHEPHERD: Then the second part of this is Echo
3 Point. Who are they? Is there anybody in Echo Point that
4 is related to E.L.K. or anybody at E.L.K. in any way?

5 MR. DANELON: No.

6 MR. SHEPHERD: It is a completely third party
7 organization?

8 MR. DANELON: Correct.

9 MR. SHEPHERD: Based in Essex?

10 MR. DANELON: The building is in Windsor.

11 MR. SHEPHERD: Windsor. Thank you.

12 My next question is with respect to AMPCO 16. AMPCO
13 16 talks about your using a third party collection agency
14 to collect delinquent accounts.

15 Do we have somewhere in the evidence or can you
16 provide us with the total amount paid in 2012 in commission
17 to the collection agency?

18 MR. DANELON: A calculation can be done to answer how
19 much they've retained, but we don't necessarily pay them a
20 cheque monthly for the 35 percent.

21 If the customer pays the collection agency, then the
22 collection agency will just send us a cheque for the 65
23 percent of that amount.

24 MR. SHEPHERD: So you write off the difference as a
25 bad debt?

26 MR. DANELON: Correct.

27 MR. SHEPHERD: As opposed to writing it off as a
28 collection cost?

1 MR. DANELON: We write it off as a bad debt.

2 MR. SHEPHERD: But you have a record of those amounts
3 that they have retained; right?

4 MR. DANELON: Correct.

5 MR. SHEPHERD: Can we have that dollar figure for
6 2012?

7 MR. DANELON: Yes.

8 MR. SHEPHERD: Okay.

9 MR. MILLAR: JT1.6.

10 **UNDERTAKING NO. JT1.6: TOTAL AMOUNT PAID IN 2012 IN**
11 **COMMISSION TO COLLECTION AGENCY.**

12 MR. SHEPHERD: The next thing I have a question on is
13 AMPCO Interrogatory No. 17(j). I understand the
14 explanation, so I don't really need more on the
15 explanation.

16 What I would like to understand is these two people
17 have these various duties. Do we have some sense of who do
18 these before? In the test year, in fact the director of
19 finance and regulatory affairs isn't doing any of these,
20 right, because you don't have one?

21 MR. DANELON: Correct.

22 MR. SHEPHERD: So when you don't have two people, who
23 is doing these?

24 MR. DANELON: That would be me.

25 MR. SHEPHERD: Oh, okay. In (m) in that same
26 interrogatory response, you have an amount in the budget
27 for 2012 for the director of finance and regulatory
28 affairs. Do we know what that dollar figure is that you

1 have included in the budget, because the actual amount is
2 zero; right?

3 MR. SIDLOFSKY: Sorry, if I could just interrupt, that
4 is one of the items that was redacted from --

5 MR. SHEPHERD: I am not asking for any individual's
6 salary. There is nobody in this position, but an amount
7 was entered into the budget.

8 MR. SIDLOFSKY: I understand that. The issue with the
9 answer to, I believe it was AMPCO 17(1), is that E.L.K. has
10 taken the position that in both of those -- in both of
11 those figures, there's salary information.

12 That information can also identify the salary for the
13 person who left that position. So E.L.K. has taken the
14 position that that is personal information in respect of
15 both of those values.

16 MR. SHEPHERD: All right. I will ask it a different
17 way that hides that, then.

18 You have (m), which is director of financial and
19 regulatory affairs, not filled in 2012, and (p) which is a
20 financial analyst position, also not filled in 2012; right?

21 MR. DANELON: Correct.

22 MR. SHEPHERD: Can you tell us the difference between
23 the amount you included in the budget for those two
24 positions in 2012 and the amount you actually paid for
25 those two positions in 2012?

26 So add up the two amounts in the budget --

27 MR. DANELON: The approximate - again it is
28 approximate - would be the salary -- um..., let me just

1 think how to say this.

2 MR. SHEPHERD: The calculation I am looking for is
3 salary for director of financial and regulatory affairs for
4 the full year as included in the budget, all costs, the
5 salary and all other costs for the financial analyst
6 included in the budget for 2012, add the two together,
7 deduct anything you paid for those, because I understand
8 the director of finance and regulatory affairs was there
9 for a few months. So whatever you paid for that period,
10 deduct that. Net is how many dollars?

11 MR. DANELON: I would say approximately \$150,000.

12 MR. SHEPHERD: Excellent.

13 The next question is Exhibit 4, EnWin Interrogatory
14 No. 17. And I had actually three questions about this, but
15 the second one, I guess, which is, Can we have the detailed
16 calculation of what you are charging Essex, you are going
17 to provide. So we are done on that.

18 On (b) in this question, you said that you charge the
19 Town of Essex, in part, on a marginal cost basis. So I
20 wonder if you could help me with: What is the marginal
21 cost component, and what is the basis for using marginal
22 costs rather than fully allocated cost?

23 MR. DANELON: Can I take an undertaking for that one?

24 MR. SHEPHERD: Sure.

25 MR. MILLAR: JT1.7.

26 **UNDERTAKING NO. JT1.7: TO PROVIDE MARGINAL COST**
27 **COMPONENT, AND BASIS FOR USING MARGINAL COSTS RATHER**
28 **THAN FULLY ALLOCATED COSTS FOR THE TOWN OF ESSEX AS**

1 **PER ENWIN INTERROGATORY NO. 17(B).**

2 MR. SHEPHERD: Thank you. So what I am looking for is
3 whatever you are being charged -- you are charging on a
4 marginal cost, just let us know what it is and why it is
5 marginal versus fully allocated.

6 The other question on this response is under (e), and
7 under (e) you said you estimated the CIS capital costs and
8 operating expenses and divided by a three-year period.

9 I didn't understand this calculation. Will I actually
10 see that calculation on the spreadsheet?

11 MR. DANELON: Yes.

12 MR. SHEPHERD: Okay. So then you don't need to answer
13 here. I will see it on the spreadsheet.

14 The next question is in Exhibit 4, SEC No. 11. In
15 11(a), your response about inspections was that you do
16 inspections on a predetermined interval.

17 Some utilities have a chart where they say, you know,
18 by asset class or by area, sometimes geographic, Here is
19 our inspection schedule.

20 Do you have a chart like that, an inspection schedule?

21 MR. MacAULAY: We're following the OEB guidelines,
22 appendix whatever, to the DSA. I can't remember if it is C
23 or D, the minimum inspection requirements for the
24 distribution assets. And it spells out a chart for the
25 different assets that need to be looked at and at what
26 period.

27 MR. SHEPHERD: Yes. I wasn't so much asking about a
28 chart that shows the -- how often you do them, but, rather,

1 a chart that you use operationally to show who is supposed
2 to go where to look at what. Do you have that as a
3 schedule, or is this sort of done by your field personnel
4 when they're out there?

5 MR. MacAULAY: It is done but by our field personnel
6 as we are assigning the different types of work, whether it
7 be -- most recently, we completed it through our -- we
8 redid our complete nomenclatures through our system. So as
9 we were assigning our nomenclature, we did all of our
10 inspections at that point in time, capturing that same...

11 MR. SHEPHERD: I see. Okay, thank you.

12 My next question is with respect to SEC 13. I think
13 it actually also relates to VECC 24, both in Exhibit 4.

14 In VECC 24, you are asked about the costs of EDA
15 membership and the costs of MEARIE insurance, and in SEC 13
16 you correctly point out that if you are not an EDA member,
17 then unless the MEARIE board gives you a special
18 dispensation, you can't have MEARIE insurance; right?

19 MR. DANELON: No. That is not what I guess I was
20 trying to say. It is at the discretion of the MEARIE Board
21 to determine whether or not, if you are a member of the
22 EDA, that you could be provided insurance.

23 MR. SHEPHERD: If you are not a member of the EDA?

24 MR. DANELON: If you are not an EDA member, that does
25 not mean you cannot be provided insurance.

26 MR. SHEPHERD: But the Board has to make an exception
27 to the normal rule, which says EDA members get MEARIE
28 insurance and non-EDA members don't unless the Board says

1 otherwise, right? We had another utility file the actual
2 provision. That is why I am saying that.

3 [Witness panel confers]

4 MR. DANELON: This is what I was instructed through
5 conversation with MEARIE to report.

6 MR. SHEPHERD: All right. Well, then I am going to
7 ask a different question. Have you done a cost comparison
8 for your insurance costs, assuming that the EDA membership
9 is part of your insurance costs? Or maybe there is a
10 simple way of saying that.

11 MR. DANELON: I believe one was done back in 2010, but
12 -- like, comparing other insurances, but no one could come
13 back with what MEARIE was able to provide.

14 MR. SHEPHERD: Okay. So MEARIE is going to cost you
15 in the test year about 39,000. And I can understand that
16 39,000 is cheaper than anybody else can provide it.

17 My question is, if you added \$39,000 to the \$32,000
18 for EDA and said, This is costing us 71,000, can you get it
19 cheaper than that? Have you looked?

20 MR. DANELON: No, but the EDA also provides other
21 benefits, I would assume, to E.L.K..

22 MR. SHEPHERD: Okay. All of these amounts, the 32,000
23 for EDA membership and the 39,000 for the insurance,
24 they're all included in your OM&A, right?

25 MR. DANELON: Correct.

26 MR. SHEPHERD: Okay. So the ratepayer is going to pay
27 them.

28 MR. DANELON: Correct.

1 MR. SHEPHERD: Okay. My next question is with respect
2 to SEC 16. And this question was asked, like, various ways
3 by Board Staff, by VECC, by Energy Probe, by SEC. I am
4 just picking ours.

5 We look at the tables of useful lives. We know that
6 the useful lives you are using are too short. And we
7 asked, so can you tell us what, if you used the Kinetrics
8 report, what would be your depreciation provision, and your
9 answer is, well, we would still have to figure out within
10 the range in Kinetrics what the useful lives were.

11 So let me put this to you a different way. Have you
12 done any calculation of what your useful lives would be if
13 you used an approach more similar to the Kinetrics
14 approach? Has the utility done anything like that? And if
15 so, can we have that calculation?

16 MR. DANELON: No, the utility hasn't done any of that
17 calculation.

18 MR. SHEPHERD: Okay. Thank you.

19 My next question is in Exhibit 5, Enwin Interrogatory
20 No. 18. And --

21 MR. BACON: Sorry, Jay, what number again?

22 MR. SHEPHERD: Enwin No. 18, Exhibit 5, tab 1,
23 schedule 1. Do you have that?

24 MR. BACON: Yes.

25 MR. SHEPHERD: And I am looking at (c), and I am just
26 trying to understand the last question in (c):

27 "E.L.K. is hopeful that there will be no
28 shortfall."

1 And am I right in concluding from that that you are
2 hoping that the new interest rate will be the OEB Board-
3 approved rate? Is that the right conclusion to reach from
4 that?

5 MR. BACON: I will start and...

6 MR. SHEPHERD: Your mic's not on.

7 MR. BACON: I'm sorry. I think the interpretation of
8 it is E.L.K. is hoping the promissory-note rate will go
9 down to the Board's rate.

10 MR. SHEPHERD: Okay. Thank you.

11 MR. BACON: Is that a correct interpretation?

12 MR. DANELON: Yes.

13 MR. SHEPHERD: Excellent. Thank you.

14 And then my next question, also on Exhibit 5, is Enwin
15 Interrogatory No. 19. And you were asked about the note
16 and other options that you might have for -- might have had
17 then in 2002 for borrowing that money. So I want to follow
18 up with a slightly different question, and that is, have
19 you looked at whether you could borrow the same amount of
20 money as you are currently borrowing from the municipality
21 on the market at a cheaper rate?

22 I mean, presumably if you're talking to the City right
23 now one of the things that is coming up is, you know, we
24 could go to TD Bank and get it for less, so you've got to
25 reduce your rate. And I am asking, have you done an
26 investigation of what the rate would be if you went out
27 into the marketplace?

28 MR. DANELON: Since 2009, from when I have been there,

1 there has been no going out to market for the loan for
2 Essex. Is that what your question is?

3 MR. SHEPHERD: Yes. As far as you know, there has
4 been no discussions with your bankers or anybody else about
5 what that would be?

6 MR. DANELON: No.

7 MR. SHEPHERD: Okay. Thank you.

8 My next question is under Exhibit 7, and it is AMPCO
9 Interrogatory 20(b). And you were asked to produce a table
10 of -- which I guess is base revenue based on revenue-to-
11 cost ratios of unity.

12 And I looked at the table, and I have to tell you that
13 I didn't actually follow what the right numbers were if you
14 are using unity. So I am wondering if you could walk me
15 through the table and tell me what each column stands for.

16 I mean, I can read what they say. I just couldn't
17 follow how it related to the question, and maybe I am just
18 dense.

19 MR. BACON: I can understand your question. You're
20 talking about (b), correct?

21 MR. SHEPHERD: Yes. I am talking about (b), right.

22 MR. BACON: Let me just check something else.

23 MR. SHEPHERD: I have to say, I am really pleased that
24 you are taking a minute to try to understand it, because I
25 thought I was just being stupid and not understanding it.

26 MR. BACON: Well...

27 MR. SHEPHERD: I am vindicated.

28 MR. BACON: I understand where you are coming from.

1 Okay. I am going to guess what I think the confusion
2 is. I think maybe -- anyway, I suspect 7.7 might have been
3 better to provide. The question asked specifically for 7-
4 8, okay?

5 So if I go back -- so the column that shows 2012
6 proposed base revenue in 7-8 --

7 MR. SHEPHERD: Yes?

8 MR. BACON: -- that is the revenue assigned to the
9 class if it is at 100 percent unity.

10 MR. SHEPHERD: So then the ratio between that column
11 and the column immediately to the left should be equal to
12 the revenue-to-cost ratio that you are proposing in this
13 application. Because then 2012 proposed base revenue, that
14 column would be actual costs assigned, right?

15 MR. BACON: Say that again, Jay, sorry?

16 MR. SHEPHERD: If 2012 proposed base revenue is one-
17 to-one, that means that is the actual costs.

18 MR. BACON: That is the actual costs; right.

19 MR. SHEPHERD: Okay. So then if what you are
20 proposing in the application, for example, GS over 50, the
21 actual costs are 470 and the proposed revenue in the
22 application is 991, so that would say that you have about a
23 210 percent revenue-to-cost ratio, which is -- that's why I
24 couldn't figure this out is because I couldn't work
25 backwards and get the revenue-to-cost ratios actually
26 proposed in the application.

27 If you want to do this by undertaking, that would be
28 fine.

1 MR. BACON: Yes.

2 MR. SHEPHERD: I just want it clarified so I
3 understand where we end up.

4 MR. BACON: I think it would be best we do that. It
5 will take too much time.

6 MR. MILLAR: JT1.8, and is that to provide an
7 explanation for table 7-8? What is that?

8 MR. SHEPHERD: An explanation or an alternative
9 presentation that helps us understand it. So if you think
10 that preparing a similar response for 7.7 would do the job,
11 that is great.

12 MR. BACON: Okay.

13 **UNDERTAKING NO. JT1.8: TO PROVIDE AN EXPLANATION FOR**
14 **TABLE 7-8**

15 MR. SHEPHERD: Okay?

16 MR. BACON: I understand.

17 MR. SHEPHERD: And that is all of my questions. One
18 minute longer than I said.

19 MR. MILLAR: Thank you, Mr. Shepherd. Would anyone
20 volunteer to go next? Mr. Aiken.

21 **QUESTIONS BY MR. AIKEN:**

22 MR. AIKEN: I want to thank the utility for providing
23 the responses to most of the questions I had asked. I have
24 a couple of follow-ups.

25 The first one is on Energy Probe No. 36 in Exhibit
26 KT1.1, and specifically part (e) of No. 36. The response
27 indicates that the budget figure in the interrogatory
28 response includes amounts for accounts 1555 and 1556, which

1 were not included in the actual additions shown in the
2 original evidence.

3 Am I correct that account 1555 is the smart meter
4 capital and 1556 is smart meter OM&A?

5 MR. DANELON: Correct.

6 MR. AIKEN: So why would the OM&A number be part of
7 the difference of these capital numbers? Or is that just a
8 typo and it should just be account 1555?

9 MR. DANELON: Because those two amounts is just for
10 presentation purposes, which we include for the board's
11 purposes in the budgeted number.

12 MR. AIKEN: Oh, okay.

13 Then in Energy Probe No. 37, you indicate that all
14 electricity customers of E.L.K. are billed on a monthly
15 basis.

16 How long have you always -- or have you always billed
17 everybody on a monthly basis, or did you make a change in
18 the last five years?

19 MR. DANELON: Since I have been there, it's always
20 been monthly from 2009.

21 MR. AIKEN: So that's from 2009 on?

22 MR. DANELON: At least, but I am pretty sure it's been
23 monthly.

24 MR. AIKEN: Okay. And then Energy Probe No. 43, this
25 one I will just get the undertaking number for it.

26 MR. BATTISTA: That will be JT1.9.

27 **UNDERTAKING NO. JT1.9: TO PROVIDE RESPONSE TO ENERGY**
28 **PROBE NO. 43**

1 MR. AIKEN: Okay. And that's it. Thanks.

2 MR. MILLAR: Thank you, Mr. Aiken. Mark, did you want
3 to go next?

4 **QUESTIONS BY MR. GARNER:**

5 MR. GARNER: Sure. That would be fine. The first
6 thing, though, I need to start with, Mr. Sidlofsky, is that
7 the paper that you gave me appears to have been double-
8 sided, but I have gotten one side of it.

9 So it is not -- I don't have all of the responses I
10 think that you purport to have actually answered.

11 MR. BACON: It appears to be a bit of an embarrassment
12 on our part.

13 MR. GARNER: That's fine, because I am not going to
14 ask anything about that, and all I really need to do is,
15 for the benefit of the Board, make sure I understand what
16 are the outstanding interrogatories.

17 I got a quick list when we started, but they will be
18 undertakings, and just so that we have a complete list of
19 what is yet to be answered, that would be helpful.

20 MR. BACON: Do you have that list, Jamie, for VECC?

21 MR. SIDLOFSKY: Sorry, if you could just bear with me
22 for a moment, Mr. Garner.

23 MR. GARNER: Sure.

24 MR. SIDLOFSKY: My understanding is that the
25 outstanding responses are to VECC question 47(c), 48(a),
26 48(b) and 49(a).

27 MR. GARNER: Thank you.

28 MR. MILLAR: So we will assign that jointly an

1 undertaking, JT1.10 as responses to those questions from
2 VECC.

3 **UNDERTAKING NO. JT1.10: TO PROVIDE RESPONSES TO VECC**
4 **QUESTION 47(C), 48(A), 48(B) AND 49(A).**

5 MR. SIDLOFSKY: Thank you. And, Mr. Garner, I do
6 apologize for that. We will get you a complete copy of
7 those answers.

8 MR. GARNER: Thank you.

9 MR. BACON: Sorry, can I just go back? Sorry, I am
10 going to go back to Randy for a second.

11 I want to make sure, because I am looking at the page
12 numbers. I just want to make sure that they're all here,
13 that you asked.

14 MR. AIKEN: Well, I started at number 35 and I've got
15 36, 37, 38, 39, 40, 41, 42, 43, 44, 45. Yes, I think I've
16 got everything.

17 MR. BACON: Okay.

18 MR. BACON: Because I note my VECC responses, I do
19 have both sides.

20 MR. BACON: Okay. There is a paging number on yours,
21 issue, which I just noticed, but I don't think we missed
22 anything.

23 MR. AIKEN: No. I think all of the --

24 MR. BACON: But on the VECC ones, we have some issues,
25 okay, sorry. Sorry for the time.

26 MR. AIKEN: Yes.

27 MR. MILLAR: Mr. Garner, is that all for you?

28 MR. GARNER: No, I have a couple of other questions,

1 if you don't mind.

2 One is I can't recall if we asked this. I know I
3 asked this in a number of cases, but you were to file --
4 your last cost of service rate case was in 2006. That's
5 what you have answered in your interrogatory.

6 So you were two years behind what the normal refiling
7 of cost of service would be, and now another year basically
8 behind in the actual filing you are doing.

9 Can you give us an understanding of why is that so?
10 The first part is: Why did you wait two extra years for a
11 cost of service filing?

12 MR. BACON: I am going to try this one. I don't know
13 exactly which year they were on the list for, but they have
14 asked for a deferral at least two times, and I think they
15 asked for a deferral for this time and that's the one that
16 was not approved, and now we are into this proceeding.

17 I think at the time when they asked for the first two,
18 is that the financial situation that they had at the time,
19 prior to when the restatement happened, it looked like
20 there was no need for any rate increase, so, as a result,
21 they didn't come forward with a cost of service
22 application.

23 But as a result of restatement and a result of the
24 fact that we're here, it was actually -- it sounds like --
25 two things happened at the same time, which are
26 coincidental, but not really, the fact that the Board
27 essentially ordered E.L.K. to come in for this application
28 for 2012 based on old financial results, and then the

1 results actually got restated, and they should have come in
2 in any event because the returns were lower than expected.

3 MR. GARNER: Okay, thank you.

4 My next question to go along with that is: Have you
5 filed in this case your actual rates of return since 2006
6 and your regulated rates of return since 2006? I don't
7 recall seeing them.

8 MR. BACON: I doubt we have.

9 MR. GARNER: Okay. Could we have that as an
10 undertaking, the actual and regulated rates of return for
11 each of the years 2006 through, I guess, 2011? I don't
12 think you will be able to produce 2012.

13 MR. BACON: I am assuming by the term "regulated rate
14 of return", that means deemed capitalization, rate base and
15 equity at whatever percent it was?

16 MR. GARNER: Correct. Thank you.

17 MR. MILLAR: That's a yes?

18 MR. BACON: Yes.

19 MR. MILLAR: JT1.11.

20 **UNDERTAKING NO. JT1.11: TO PROVIDE ACTUAL AND**
21 **REGULATED RATES OF RETURN FOR EACH OF THE YEARS 2006**
22 **2011.**

23 MR. GARNER: Thank you. Now, this is a question about
24 the undertaking that you gave to Mr. Shepherd earlier.

25 I believe it is JT1.6. This was about the bad debt.
26 And Mr. Shepherd was asking you about the collection costs,
27 and you had indicated that they were embedded into the bad
28 debt number that you filed.

1 And I believe -- and Board Staff can help me here. I
2 believe the undertaking is he asked you to produce 2012's
3 bad debt as distinct from its collection costs.

4 MR. DANELON: My understanding was he just wanted the
5 amount of bad debts related to the collection agency for
6 2012, which would be a very small number compared to our
7 total bad debts.

8 MR. MILLAR: We have it written down that he wanted
9 the amount of money retained by the collection agency.

10 MR. DANELON: Right. Okay.

11 MR. MILLAR: Though again, the record will say what it
12 says. That was just our note of it.

13 MR. GARNER: Okay. Well, what I would like -- and I
14 am not sure if there could be an amendment to that
15 undertaking or a new one -- but I would like to be able to
16 see for the period that you filed the distinction made
17 between your actual bad-debt costs and your collection
18 costs, since I believe we have been asking for the period
19 2008 through 2013, so that we can see those two accounts
20 separately, because, as I understand it right now, those
21 two accounts are combined.

22 MR. DANELON: Right. Like, the portion that we pay
23 the collection agency is 65 percent -- or, sorry, 35
24 percent of what they collect. So that 35 percent is
25 written off per the account, which goes into the bad-debt
26 accounts, the bad-debt expense account.

27 So there's -- we don't track separately the bad debts
28 related to the collection agency, what they were able to

1 collect versus the estimated bad-debt expense calculation
2 that we do for year-end purposes.

3 MR. GARNER: Okay. I am not sure I understand the
4 response. In the filing that you have made and the
5 appendices that you provide where you provide the OM&A,
6 there are two accounts, one for collection costs, one for
7 bad debt. Isn't that right? I can't remember the account
8 numbers.

9 MR. DANELON: I would have to go back and see the
10 collection account number.

11 MR. GARNER: Well, I am just... I am just looking for
12 it under the OM&A number myself. So account -- there is an
13 account 5330, collection charges. And there is an account
14 5335, bad-debt expenses. And as I look -- looking at your
15 filing of --

16 MR. BACON: Sorry, can you just tell us where you are?

17 MR. GARNER: Yes, that's what I'm about to do.

18 MR. BATTISTA: Microphone.

19 MR. GARNER: Yes, he just asked me where we were. And
20 where we are is appendix 2(f), detailed OM&A expenses on
21 the Excel spreadsheet, which was filed with the number at
22 the very end, 2012005. That is where I am in those
23 appendices.

24 MR. DANELON: I believe -- well, the chart I am
25 looking at is table 4.12, and under the 5330 account, we
26 don't use -- E.L.K. doesn't use that account.

27 MR. GARNER: Right.

28 MR. DANELON: It is just zeros. We just used a 5335

1 account to record the bad-debt expense.

2 MR. GARNER: And what I was trying to understand, and
3 maybe this is what you were trying to answer for me, is
4 that when I look at the bad-debt expense in 2011, which is
5 312,515, that is a commingling of collection costs, or that
6 is net of the collection costs?

7 MR. DANELON: That would include basically -- yes, the
8 35 percent that we pay them, that we write off, because
9 we're not going to be collecting that portion.

10 MR. GARNER: That would include the 35 percent.

11 MR. DANELON: Correct.

12 MR. GARNER: So you're saying that if I took the 35
13 percent of that number, I could put that into the column of
14 collection charges.

15 MR. DANELON: It's not 35 percent of that number.

16 MR. GARNER: Mm-hmm.

17 MR. DANELON: Because we've just started collections.
18 So of that number, for example, we may have only collected
19 from the collection agency, say, \$10,000.

20 So it's not -- you can't just say 35 percent of that
21 is based on collections and then the rest is -- like, at
22 year end we do a calculation for estimating bad debts, that
23 we say, Okay. Anything outstanding more than this time is
24 100 percent put in bad debts. And we are just adjusting
25 the allowance for doubtful accounts.

26 MR. GARNER: Right.

27 MR. DANELON: That is kind of how we do our year-end
28 entry. So we either adjust the allowance up or down based

1 on the year-end work, which hits the 5335 account.

2 MR. GARNER: Okay. Thank you. Let me think about
3 that. And I will withdraw the undertaking for a minute. I
4 want to -- I will think about the response that you have
5 given. Thank you.

6 My next question is in relationship to VECC
7 Interrogatory 19, and this is under Exhibit 4, tab 2,
8 schedule 3. It is on the LEAP amount. And both VECC and -

9 MR. BACON: Sorry, Mark, if we can just get to it
10 first.

11 MR. GARNER: Sure. It's --

12 MR. BACON: What's the number?

13 MR. GARNER: It's VECC Interrogatory No. 19. It's on
14 page 180 of 279 of the responses.

15 MR. BACON: We're there.

16 MR. GARNER: Thank you.

17 VECC and Board Staff asked you a question about the
18 LEAP calculation. And I think we were both wondering about
19 the same thing, which is that we both understood that the
20 .12 percent is, as you point out, on Board-approved, but we
21 assumed it was the Board-approved in this application, as
22 opposed to your last Board-approved.

23 Do you have a different understanding of what your
24 LEAP calculation number should be?

25 MR. DANELON: I tried to clarify with Board Staff, and
26 the direction I received was that it was on the last cost
27 of service. So whether I interpreted it incorrectly or --
28 I don't know.

1 MR. GARNER: Okay. That's fair. If that is your
2 understanding of what Board Staff wants, then maybe I will
3 have a discussion with Board Staff after and ask them about
4 what they think the calculation is.

5 I think -- I think those are my questions.

6 MR. MILLAR: Thank you, Mr. Garner.

7 I have just done a time check, and Ms. Grice advises
8 she has about ten minutes or so. Mr. Sidlofsky, with
9 respect to Board Staff's questions, did I understand that
10 most of those will be responded to by way of an
11 undertaking?

12 MR. SIDLOFSKY: That's correct, Mr. Millar.

13 MR. MILLAR: Okay. Well, why don't we push on now,
14 and we'll --

15 MR. BACON: Just to be clear, not most of them. All
16 of them.

17 MR. MILLAR: All of them. Okay.

18 [Laughter]

19 MR. MILLAR: Then I am going to suggest we carry on
20 now and maybe finish up at the morning break. So Ms.
21 Grice.

22 **QUESTIONS BY MS. GRICE:**

23 MS. GRICE: Thank you. Okay. I just had a couple of
24 questions about the director of finance and regulatory
25 affairs. I just wondered, at the time that the position
26 became vacant in 2010 or at that particular time, why that
27 position wasn't back-filled instead of creating a new
28 position of manager regulatory. I just wondered why the

1 company chose that route.

2 MR. DANELON: That was the CEO's decision, which, I
3 don't know why they didn't replace it with a director of
4 finance versus manager of finance.

5 MS. GRICE: Okay. And then in response to Schools
6 No. 14, the response says that the position was vacant
7 effective April 2012 and is currently being reviewed.

8 And I just wondered if you could fill us in on what
9 review is being conducted and if you know of any potential
10 options that are being considered.

11 MR. DANELON: Currently what's being done is -- from a
12 financial standpoint is I am trying to determine the work
13 that needs to be done with the regulatory and financial
14 departments and the current bodies that we have, and trying
15 to sort out how many hours it takes to do those assignments
16 and determining the number of bodies -- how many full-time
17 employees that equals. And that is kind of still being
18 looked at right now.

19 There hasn't been any greater, further, like, formal
20 dialogue with the CEO yet, but we are still trying to --
21 we're first trying to get through this, and then year end,
22 and then kind of look more at that.

23 MS. GRICE: Okay. Is an option to delete the position
24 being considered?

25 MR. DANELON: It is ultimately not my call. I don't
26 -- I will be providing him the information, and then it
27 will have to be taken to the board of directors. So I
28 guess I don't -- I couldn't say yes or no.

1 MS. GRICE: Okay. Thank you.

2 I just have a question on AMPCO No. 8, and it has to
3 do with the work in account 1940, and the response said
4 that --

5 MR. BACON: Sorry, Shelley, I am using this method.
6 What exhibit is that under?

7 MS. GRICE: Oh, um...

8 MR. BACON: Because our interrogatories are organized
9 that way --

10 MS. GRICE: Sure, sure. Just give me a second.

11 MR. BACON: -- as per the filing requirements.

12 MS. GRICE: Oh, it is Exhibit 2.

13 MR. BACON: Not that I have a view on that, but...

14 [Laughter]

15 MR. BACON: okay. We are at Exhibit 2, and what is
16 the question now?

17 MS. GRICE: It just has to do with the response to
18 that interrogatory.

19 MR. BACON: Sorry. We are one step behind you.
20 AMPCO?

21 MS. GRICE: Sorry, AMPCO No. 8.

22 MR. BACON: Okay, we're there.

23 MS. GRICE: Okay. It just has to do with the amount
24 in account 1940. The response says that the items were not
25 purchased in 2011 and, therefore, have been budgeted in
26 2012.

27 I just wanted to confirm if the three truck grounds,
28 various hand tools, cable grips, linkit gun and ground mats

1 were purchased in 2012. And I believe the value is
2 \$25,000.

3 MR. MacAULAY: A portion thereof were purchased, not
4 everything.

5 MS. GRICE: So that will be reflected in the updated
6 rate base calculation that we will get?

7 MR. BACON: These are -- these are cap capital items.

8 MR. MacAULAY: It is all part of the year end process,
9 so...

10 MR. BACON: Okay. According to E.L.K., they don't
11 have the numbers.

12 MR. DANELON: That is part of our year end process
13 where we're still waiting for accounts payables to come in
14 to get the actual number in that account.

15 So to determine the dollar value wouldn't be till
16 basically the end of the audit.

17 MS. GRICE: So is it like half that amount has been
18 purchased, ballpark?

19 MR. MacAULAY: Ballpark, I think that would be fair to
20 say.

21 MS. GRICE: Okay, thank you.

22 I just have a question on AMPCO No. 20 that has to do
23 with the cost allocation study. So that is going to be
24 Exhibit 7? Yes, I think it is Exhibit 7. Sorry, I didn't
25 structure my questions under exhibits. I just had -- it's
26 AMPCO No. 20.

27 I don't know if you need to turn it up. It just has
28 to do with the updated cost allocation study that was done

1 in 2012 and whether or not improvements have taken place in
2 the way that that work is done compared to 2006.

3 We asked a question on that, and E.L.K.'s response was
4 that you don't view the updated cost allocation as a
5 significant improvement over 2006.

6 We just wondered if you could explain, further, why
7 you feel that way?

8 MR. BACON: Essentially -- well, the model is
9 essentially the same, so there is no major updates to the
10 model.

11 I know the weighting factors have been improved, but
12 specifically the low profiles are exactly the same as what
13 was used in 2006. They have only been scaled up and down
14 to reflect the new load.

15 So, in our view, we have had this discussion with
16 others in other proceedings. Based on just simply doing an
17 update for 2012 to reflect 2012 costs and 2012 volumes with
18 the current version of the cost allocation model, in my
19 experience, hasn't been perceived as being a major update.

20 MS. GRICE: So the way that the costs are allocated
21 has not been improved in the way those are determined?

22 MR. BACON: They're -- improved or not improved,
23 they're exactly the same.

24 MS. GRICE: Okay.

25 MR. BACON: Okay?

26 MS. GRICE: Okay.

27 MR. BACON: Let me just step back. The weighting
28 factors have been -- the billing for -- the weighting

1 factors for services and billing and collecting reflect the
2 LDC, which does change the cost allocation for certain
3 accounts that those apply to.

4 But aside from that, that's essentially the only major
5 cost allocation change from the 2006 model.

6 MS. GRICE: Okay. So, in your opinion, then, are
7 there things that could be done to improve it for the next
8 time around?

9 MR. BACON: Yes. There are always things you can
10 improve. It is a question of whether my interpret -- well,
11 to be blunt, whether my interpretation of an improvement is
12 consistent with the parties' improvement and discussion of
13 improvements.

14 We actually had this exact discussion in another
15 proceeding where we thought we were improving, and it was
16 determined that we weren't.

17 So I am a little reluctant to say -- there was another
18 proceeding, which was on the public record. I believe it
19 was Horizon. Our position was that we actually were
20 improving the process, but in actual fact we weren't.
21 Well, it was decided we weren't. That is my recollection,
22 to my understanding.

23 So based on that, I have changed my view on this
24 particular issue, because we've done exactly the same kind
25 of thing as what we did in that proceeding, and it wasn't
26 perceived to be much of an improvement.

27 So my view is, no, there is no improvement because
28 based on what happened there is what is happening here.

1 So, by definition, there is no improvement.

2 How to improve it? Well, we could get better load
3 profiles, and I thought, you know, that would be great. We
4 have smart meters. We should be able to get better load
5 profiles.

6 But then you have to talk to Mr. Harper, and Mr.
7 Harper says -- he kind of messed up my day when he did
8 this. He says, You have to weather-normalize it. I go,
9 Oh, that's going to be really interesting to weather-
10 normalize the load profiles from smart meters in order to
11 improve the load profile information.

12 I think we're quite a long ways from that -- well,
13 unless there is another -- I don't know. I haven't figured
14 that one out myself. There is probably people smarter than
15 I that can do that, but right now that would be, I think, a
16 major improvement to reflect the load profiles of the
17 classes, but we are not there yet.

18 With regards to costs, the costs are being allocated
19 essentially exactly the same way as the 2006 model. So I
20 don't know where the improvement is going to come from.

21 MS. GRICE: Okay. That was one of the main areas. I
22 wondered if the way the costs were allocated has changed
23 from 2006.

24 MR. BACON: It has --

25 MS. GRICE: If there is better information --

26 MR. BACON: I want to make it very clear it has, to
27 the point that the individual LDC weighting factors are in
28 the new cost allocation model, which reflects the costs

1 being allocated on particular accounts that they impact.
2 But, overall, that is not of huge -- typically not a huge
3 amount.

4 MS. GRICE: So not enough to recommend movement
5 towards unity in this application?

6 MR. BACON: I don't think so, based on my previous
7 experience with another proceeding.

8 MS. GRICE: Okay, thank you.

9 Then my last question or area of questions just has to
10 do with reliability and how the utility tracks reliability
11 issues.

12 So if we go to EnWin No. 3, which is under Exhibit 2,
13 you were asked: In the absence of unmetered scattered load
14 technology, how does E.L.K. measure the number of system
15 interruptions?

16 The response was that E.L.K. measures the number of
17 system interruption from service interruption reports
18 completed by operations staff.

19 I will just give you a chance to catch up.

20 MR. MacAULAY: Okay. So your question to me then is?

21 MS. GRICE: So then I want to follow up with Schools'
22 No. 8 after that, which says that -- sorry, I want to also
23 just mention part (c) of the response to EnWin No. 3, as
24 well, that E.L.K. relies on service interruption reports
25 completed by operations staff to identify potential service
26 quality issues.

27 Then under Schools' No. 8 - and I do have a question
28 at the end of this - you say that the question asked for an

1 explanation of the main reason why outages have increased
2 substantially over the last nine years.

3 And the response says that a portion of this can be
4 attributed to better record keeping, as the outages due to
5 unknown cause have significantly decreased while the
6 defective equipment has increased.

7 I just wondered if you could explain what your better
8 record-keeping process is and how it differs from what was
9 done before.

10 MR. MacAULAY: There's a better effort by staff to
11 identify what the root cause of the outage was. So before,
12 if they showed up to an unknown outage, it was tagged as an
13 unknown. We are trying to dig a little deeper to prove
14 that, whether it is inclement weather, animal contact,
15 motor vehicle that wasn't reported, we're trying to get to
16 the root cause.

17 And there's a -- there's a better effort from my staff
18 to find out what the causes are, which has caused us an
19 issue on some of the reporting, because at some point in
20 time it was adverse weather was being reported as tree
21 contact, because the tree blew across the road and took the
22 line out, but that was in middle of hurricane winds, so it
23 was actually adverse weather, as opposed to tree contact.

24 So I have dealt -- I have spoken with my staff to try
25 to fine-tune that a bit further now, that if it is adverse
26 weather effects, we're dealing with adverse weather,
27 whether it is tree or pole or whatever.

28 MS. GRICE: And when did you -- when was that new

1 process implemented?

2 MR. MacAULAY: Through the interrogatories, just
3 recently, to try to -- the last stage, through the
4 interrogatories. The process that Zack had us go through
5 to identify each of the pieces and go through it, it
6 brought some of that to light, if you go back from 2006 and
7 you come forward with it. So I met with my staff to
8 address that in the future.

9 MS. GRICE: Okay. That's great.

10 And then just the last part of my question has to do
11 with Enwin Interrogatory No. 24, and they asked if you have
12 live monitoring of outages and other meter events through
13 the ODS after regular hours, and the response was "no", so
14 I just wondered what -- how do you deal with outages after
15 hours?

16 MR. MacAULAY: Our customers call our call centre,
17 which is our standard business number. That call is
18 directed to our on-call staff.

19 MS. GRICE: And then is that the point that the --
20 like, at what point then does the utility record it as an
21 outage? When that call comes in?

22 MR. MacAULAY: Yes.

23 MS. GRICE: Okay. Thank you. Those are my questions.
24 Thank you.

25 MR. MILLAR: Thank you, Ms. Grice.

26 I think Mr. Battista had one follow-up question on one
27 issue, but before we get to that, why don't we deal with
28 the undertakings.

1 So Mr. Sidlofsky, I understand that the company is
2 going to respond to all of staff's pre-filed questions by
3 way of undertaking; is that correct?

4 MR. SIDLOFSKY: That's correct, Mr. Millar.

5 MR. MILLAR: Okay. So JT1.12 we will assign to that.

6 **UNDERTAKING NO. JT1.12: TO RESPOND TO ALL OF BOARD**
7 **STAFF'S PRE-FILED QUESTIONS**

8 MR. MILLAR: And just let me turn it over to Mr.
9 Battista.

10 **QUESTIONS BY MR. BATTISTA:**

11 MR. BATTISTA: I would just like to refer to the Board
12 Staff's first question. I am trying to find it. And it is
13 in -- it is under Exhibit 2. And it says that E.L.K.
14 indicates that it has budgeted but will not spend seven-
15 point-five-thousand in 2012 for IFRS transition, and it
16 also makes mention that there are interrogatory responses
17 where the current forecast for 2012 is different than what
18 it appears to be budgeted for 2012.

19 And Board Staff in that question is asking whether
20 E.L.K. is tracking all of these changes and will E.L.K. be
21 updating its revenue requirement, revenue deficiency
22 calculations accordingly and, if so, when. I am just
23 asking that the intent of this question is really to
24 capture all of the changes that you have attested to, plus
25 the ones that may become apparent to you as you answer all
26 your undertakings, so that this would be sort of a summary
27 listing of where we're at, pardon the colloquial language,
28 in terms of the revenue requirement you are going forward

1 with, let's say into the ADR. So it is a very useful
2 exercise to articulate and identify all the changes that
3 underpin your revised revenue requirement and revenue
4 deficiency.

5 I am just asking whether you understand the question
6 in the same way as I have articulated it.

7 MR. BACON: We understand the question.

8 MR. BATTISTA: Okay. Thanks.

9 MR. MILLAR: I think that concludes the tech
10 conference. Mr. Garner?

11 MR. GARNER: Can I make one plead? I know that you
12 are finishing up the -- these interrogatories. Mr. Harper,
13 who assists me and us, is away beginning on Friday and not
14 back 'til mid next week, and he will have an opportunity to
15 look at things maybe before he goes if it is before Friday.

16 So A, I am wondering if what you gave us this morning
17 in paper could be circulated electronically so he could get
18 that in his hands as quickly as possible; and then B, if
19 you are able to look at the questions that are in the cost-
20 allocation rate design that are outstanding and complete
21 them and put them in our hands as quickly as possible, that
22 would be very helpful to us and perhaps to the process, if
23 -- depending on when we are going to have an ADR.

24 MR. BACON: Just to be trying to be helpful to you,
25 Mark, if we completed all of VECC's questions first, would
26 that be -- first of all, would that give you what you need?

27 MR. GARNER: Yes. And I don't want to put myself in
28 front of my friends here, but that would help us, because

1 then he might have a chance to take a look at it before he
2 leaves.

3 MR. BACON: It shouldn't take us too long to complete
4 the VECC package that you gave us and include the undertake
5 -- as long as that is okay with everyone? Okay.

6 So that is what we'll do, and we will try and have
7 that to you -- when is he going away?

8 MR. GARNER: He will be gone Friday, and back in the
9 middle part of next week.

10 MR. BACON: Okay. What we will do is we will do that
11 one first and get it to you as soon as we can.

12 MR. GARNER: Or as I said, even the ones that you've
13 answered so far that are already available, and they're in
14 paper form but have not been circulated electronically, if
15 you could circulate those, that would be great. Thank you
16 very much.

17 MR. BACON: Okay.

18 MR. MILLAR: Are there any other matters we need to
19 deal with on the record today? Okay. Thank you very much
20 to the witnesses and all the participants today. This
21 concludes the technical conference.

22 Just a reminder, the undertakings, as per P.O. No. 3,
23 are due on February 20th. And of course, if VECC's can be
24 done before that, that's fine as well.

25 And the next step is the settlement conference, which
26 will be convened on February 28th. Thank you very much.

27 --- Whereupon the hearing concluded at 11:07 a.m.

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