

ONTARIO ENERGY BOARD

FILE NO. EB-2025-0014 Oshawa PUC Networks Inc.

VOLUME: 1

DATE: September 29, 2025

BEFORE: Robert Dodds Presiding Commissioner

Patrick Moran Commissioner

Anthony Zlahtic Commissioner

<EB-2025-0123>

THE ONTARIO ENERGY BOARD

Oshawa PUC Networks Inc.

Application for electricity distribution rates

and other charges beginning January 1, 2026

Motion on Hearing held in person and virtually

at 2300 Yonge Street, 25th Floor, Toronto, Ontario

on Monday, September 29, 2025, commencing at 2:02 p.m.

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SEC MOTION

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COMMISSIONER DODDS

COMMISSIONER MORAN

COMMISIONER ZLAHTIC

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JOHN VELLONE Oshawa PUC Networks, Inc. (OPUCN)

TOM LADANYI Coalition of Concerned Manufacturers and Business of Canada (CCMBS)

LAWRIE GLUCK Consumer’s Council of Canada (CCC)

VALERIE BENNETT Oshawa Power

ZOË THORNS Borden Ladner Gervais LLP

MARK GARNER Vulnerable Energy Consumers Coalition (VECC)

SHELLY GRICE Association of Major Power Consumers Ontario (AMPCO)

DT VOLLMER Distributed Resource Coalition (DRC)

MICHAEL BROPHY Pollution Probe (PP)

ALSO PRESENT:

HASSAN AHMED

[--- On commencing at 2:02 p.m. 1](#_Toc210060685)

[LAND ACKNOWLEDGEMENT: 1](#_Toc210060686)

[PRELIMINARY MATTERS: 1](#_Toc210060687)

[‑‑‑ Recess taken at 3:24 p.m. 26](#_Toc210060688)

[‑‑‑ Resuming at 3:41 p.m. 26](#_Toc210060689)

[‑‑‑ Recessed at 3:53 p.m. 33](#_Toc210060690)

[‑‑‑ On resuming at 4:00 p.m. 33](#_Toc210060691)

[‑‑‑ Whereupon the proceedings concluded at 4:04 p.m. 36](#_Toc210060692)

[EXHIBIT KM 1.1: DOCUMENT PACKAGE. 5](#_Toc210060677)

Monday, September 29, 2025

--- On commencing at 2:02 p.m.

COMMISSIONER MORAN: Good afternoon, everybody. We are on a motion brought by Schools, seeking better and further disclosure with respect to some interrogatory requests.

I'm going to start with introducing the Panel. I'm Commissioner Moran. I am with Commissioner Zlahtic and Commissioner Dodds.

Ms. Connell, could we have the land acknowledgement, please?

LAND ACKNOWLEDGEMENT:

S. CONNELL: Sure. The Ontario Energy Board acknowledges that our headquarters in Toronto is located on the traditional territory of many nations, including the Mississaugas of the Credit, the Anishinaabe, the Chippewa, the Haudenosaunee and the Wendat peoples.

This area is now home to many diverse nations, Innuit, and Metis peoples. We also acknowledge that Toronto is covered by 13, with the Mississaugas of the credit. We are grateful for the opportunity to gather and work on this land and recognize our shared responsibility to support and be good stewards of it.

Thank you.

PRELIMINARY MATTERS:

COMMISSIONER MORAN: Thank you.

And Board, counsel, Mr. Murray, is there anything you want to say about hearing logistics?

R. MURRAY: Yes. I just wanted to go over three points with people. Parties, when they are not speaking and it's not their turn to speak, to turn off their video and their audio.

And second, I would remind people that the chat function is available, but nothing said in the chat function will be recorded or appear in the transcript of today's hearing.

And third, if a party loses Internet connection while they are speaking, the OEB will pause the hearing. The party can rejoin using their computer or call in using their cellphone or landline. The dial‑in information for the hearing, if necessary, is available. And with that, I will pass things back to Commissioner Moran.

COMMISSIONER MORAN: Thank you, Mr. Murray. And I guess we will take appearances next from everybody else. Mr. Shepherd.

J. SHEPHERD: Good morning. My name is Jay Shepherd and I represent School Energy Coalition.

COMMISSIONER MORAN: Mr. Vellone.

J. VELLONE: Good afternoon, Commissioner Moran. My name is John Vellone, and I represent the Applicant, Oshawa Power. With me this afternoon is my colleague, Zoe Thoms. And I think I saw also so Ms. Valerie Bennett from my client, who is here today.

COMMISSIONER MORAN: Thank you. Mr. Gluck.

L. GLUCK: Good afternoon, Lawrie Gluck on behalf of the Consumers Council of Canada.

COMMISSIONER MORAN: Ms. Thoms.

Z. THOMS: Good afternoon. Zoe Thoms on behalf of the Applicant, Oshawa Power.

COMMISSIONER MORAN: And is there anyone else? And if not, Ms. Grice.

S. GRICE: Good afternoon. Shelley Grice representing the Association of Major Power Consumers in Ontario.

COMMISSIONER MORAN: Thank you.

Mr. Brophy.

M. BROPHY: Good afternoon. I'm Michael Brophy on behalf of Pollution Probe.

COMMISSIONER MORAN: Mr. Ladanyi.

T. LADANYI: Good afternoon. My name is Tom Ladanyi. I'm a consultant representing the concern of Coalition of Concerned Manufactures and Businesses of Canada, CCMBC. We support the motion of the School Energy Commission, but we will not be making any submissions.

COMMISSIONER MORAN: Thank you, Mr. Ladanyi.

Mr. Garner.

M. GARNER: I am Mark Garner representing the Vulnerable Energy Consumers Coalition.

COMMISSIONER MORAN: Thank you.

Mr. Vollmer?

D. VOLLMER: Good afternoon, Commissioners and everybody else. Daniel Vollmer, counsel for the Distributed Resource Coalition.

COMMISSIONER MORAN: Thank you.

Have I missed anybody?

L. MURRAY: Perhaps I will just introduce Board staff. So it's Lawren Murray, Board staff. And with me I have cocounsel Tobias Hobbins and our articling student Hassan Ahmed. And I also have manager of electricity distribution Darryl Seal.

COMMISSIONER MORAN: Thank you, Mr. Murray.

J. SHEPHERD: Before we get started, Mr. Shepherd, I noted in the materials that you sent ahead of time that you might refer to that there's a table that's redacted. Will you be ‑‑ will you need to refer to the unredacted version? And if so, how should we deal with that from a protection of confidentiality?

J. SHEPHERD: Thank you, Commissioner Moran. I deliberately put it in the redacted version, and what I plan to do is not refer to any of these specific numbers, like not on the record, but I will ask the commissioners to look at the confidential version when that comes up.

COMMISSIONER MORAN: All right. Thank you. We have the unredacted version open and available if and when that happens.

And I would just caution anyone else who is going to refer to the table, if you're going to make an actual reference to that table, please, let me know ahead of time so we can go in camera.

Mr. Shepherd, are you ready to proceed?

S. SHEPHERD: I am.

COMMISSIONER MORAN: Please go ahead.

S. SHEPHERD: Thank you. First I should probably, just as a preliminary matter, get an exhibit number for the document package I filed today.

COMMISSIONER MORAN: That will be Exhibit KM 1.1.

EXHIBIT KM 1.1: DOCUMENT PACKAGE.

J. SHEPHERD: Thank you. I hope I won't spend the full 60 minutes I have allotted to me. I will be referring to that document, KM 1.1 to our Motion Record and perhaps to the package of documents that was filed late on Friday by the Applicant.

So, basically, I just want to go through the five interrogatories one by one and explain why we think the information that's been filed is not enough and more is needed to deal with the issues in this case.

I will start with interrogatory 7B, which is about the business transformation plan. And I acknowledge on the record that at 4:42 on Friday we received a package containing two additional documents that we had not seen before, something called a PESTLE, P‑E‑S‑T‑L‑E which anybody who's done strategic planning has had to suffer through, and another thing, a report from Bob Wong who is an IT consultant and also a business transformation person who spent a long time at Toronto Hydro, so some of us know him, and now is a consultant on mostly cybersecurity, but other things as well.

I should note that in the letter filing the stuff on Friday, the Applicant says we amended our request in 7B. I think the correct interpretation is that they misread the question and didn't note that we asked for the initial plan for business transformation, not the final strategic plan.

The reason I bring that up is if you go to the answer to 7A ‑‑ and Appendix A to our motion has all our questions in it, and you can refer to it there.

The answer to question A notes that step 1 in the business transformation process was a decision to modernize the company and adapt to the changing and evolving infrastructure and instead that evolution required leadership change.

So step 1 was a decision to change the company, and we've got to have a new management to do that, and they went out and got new management. It's the initial decision that we were asking for, how that came about, and what was it for, and what was the goal, and how does it affect the planning going forward? Was it the city asking for stuff? Was it the Board of Directors? Did the customers come and say, hey, we want you to change your company?

And we don't know any of that. And this is what is driving the whole application, so it's important that we understand that.

So after the decision to transform the company, the company then went out and hired a new CEO. That was step 1. They actually hired a new people and culture person and promoted internally Mike Weatherby to a higher position, a management position, a couple of months earlier. And then but the big change was they hired Dan Arbor as the new CEO. That was in April of 2023. And although Mr. Arbor had no utility experience, he had a lot of experience running a big organization. He worked for Shell running their mobile fueling operation.

Then subsequent to that and before the rest of the management came on, they did the pestle analysis, which that was in October 2023, which if you read it it is sort of funny, because they predicted the Liberals would lose the next election and the world would change accordingly, and they were wrong.

But that doesn't matter. What does matter is when you do a pestle analysis, you also do a SWOT analysis. SWOT, which stands for strengths, weaknesses, opportunities and threats, and you never do pestle without SWOT. Sometimes you do SWOT without pestle, but you never do pestle without SWOT.

So there is a SWOT analysis somewhere I think that talks about where the company was before the business transformation and how it affected where they were going to go.

So then in April 2024, they hired Ms. Bennett as the Director of Regulatory Affairs. And she has a lot of experience in this area, i.e. in the utility area, as I think we all know her.

And then in May 2024, they got ‑‑ brought a consultant in, Bob Wong, to talk about business transformation. And I'd like to refer to just one of the things in his report. His report is a PowerPoint and/or some kind of presentation.

And under Shareholder Expectations, this is the first page of our package, the first two bullets are the City of Oshawa wants a higher ROI. They want the company to make more money on their investment and, number 2, they want larger dividends. That is the first two goals, if you like, of the business transformation according to Mr. Wong.

Now, the reason I point that out is because there's only two ways or three ways that you can increase ROI or ROE in this context in a regulated utility:

(1), You can be more efficient, that is, get a certain amount of money in rates, but then operate the business more efficiently so that your profit level is higher. Lots of utilities do that. In fact, that's sort of one of the purposes of IRM.

The second is you can add to rate base. If you increase rate base, you will increase your profits. Now, you have to invest to do that, but typically the best to get ‑‑ the most common way for shareholders to get higher dividends is increasing rate base. And indeed it is one of the things that a regulator has to be cautious about.

Somebody ‑‑ I can't remember the guy's name ‑‑ won a Nobel Prize talking about that, an economist.

And the third way is you can shift some of the utility activities to affiliates. And whereas in the utility, if you do things with operating costs, you can't add a margin when you are charging your customers. However, if you shift it to an affiliate, you can add a margin, as long as you don't go above market rates. And so that allows you to get an increased profit.

Subsequently to this, the Wong report, we had ‑‑ the new CFO was hired in April 2025, Amanda Tang. And literally immediately after that, the strategic plan, which was the result of all of this business transformation stuff, was filed at the Board. So presumably whatever is in the strategic plan is not Ms. Tang's fault, because she just got there.

But what is not in the strategic plan, and this is sort of the bottom line to this part of the analysis to 7B, what is not in the strategic plan is there is no analysis of spending, there's no analysis of the trade‑offs that have to be made, there is no of affordability for customers or how much the utility can afford to spend on anything. No analysis about that at all which, of course, is sort of what this proceeding is all about.

And yet the plan appears to have two parts to it: One, is rate base is going to increase. And I'm going to talk about that in a second. And, secondly, they have got to outsource to affiliates and charge margins on that work. The work is probably going to be done by the same people, but it's way to be done and there's going to be a markup, and I will get to the details in a minute.

So what are we asking for here? There will be documents that talk about the trade‑offs being made, about the adjustments, and when they were planning for this business transformation, what adjustments did they make when they saw how much it was going to cost? How did they cut back spending in one area to achieve a goal in another area?

What were the rate impacts they were looking at, and how did they ameliorate those rate impacts in the plan?

This is all stuff that as a utility planning a business transformation, you have got to look at all of this and say indeed, if they didn't ‑‑ if they don't have documentation about all of that stuff, then that already would be telling, but I don't think that that's the case.

I think there, in fact, Is a pile of stuff on this. So they will have presentations to their Board of Directors and the results of those things and the Board of Directors saying, hang on a second, that's a lot of money, maybe we should rethink that; or the city saying, and how is that going to get as higher dividends? Isn't that just going to cause a problem later?

So I don't think there is nothing. I think there is quite a lot of information. And you as commissioners I don't think can look at this application, which is intentionally changing this utility ‑‑ they have admitted on the record we are changing this utility ‑‑ you can't look at how that change is being made and whether it is reasonable from a ratepayer point of view unless you have the analysis that they have on exactly those points.

So the information we asked for on the business transformation plan, what was the initial plan, where are their presentations and analyses and stuff like that, that seems all fairly self‑evident to me, that you would have to see it in order to understand where this utility is going. So that is 7B.

Let me move to number 9. This is about the building. And I am very conscious that we are not talking about whether building is improved an investment. That's not what this proceeding is about. The Applicant has made a decision that the prudence of the building will be a later application, which they are entitled to do.

We may not like it, but it is what it is. So ‑‑ but what the Board does do when it has major spending coming up is look at the five‑year capital plan of the DSP and say, well, is this capital plan sensible in light of all of the things that are going to be spent.

Have the right ‑‑ is the right pacing in place? Are there things in there that could be cut out to make it less, I guess, in this context egregious? So on that score I want to take you to page 10 of the DSP that was filed and that is the second page of our materials. This is the capital plan that they told us was the capital plan.

This is not correct. They knew it was not correct when they filed it. It is not correct today. This misses their biggest single capital expenditure or package of capital expenditures, the building. They didn't put it in there and they didn't say, oh by the way, our capital plan is actually, let's call it double this. I'm not going to look at this ‑‑ I'm not going to look at the specific numbers. I'm going to use just sort of generalizations, but you will see the actual numbers and you will know what I am talking about.

Instead of saying no, we are actually going to spend twice as much as this, they said here's how much we are going to spend. It's only a 16 per cent increase over last time, over our last five‑year plan. Aren't we good?

It's not the actual plan. They are not going from 70 million to 80 million in capital spending. That is just not true.

So they resisted even talking about it in this proceeding and resisted the issue saying no, no, no, no, no, never mind the man behind the curtain. But the Board said, look, the filing requirements require this. You have to talk about all of those spending you're planning over the next five years. That is what your DSP is supposed to do. In fact, more and more ‑‑ I should say more and more they are doing 10 year DSPs, not 5 years. The filing requirements asked for 5 years, and Enbridge (ph) and other large utilities are doing 10‑year plans.

So, in fact, the IR that is blacked out at number 12, you will see ‑‑ I will just make a general sort of statement. It's not a 16 per cent increase. It's more than double it. Capital spending is more than doubling in fact their actual plan. So what do we want, then? Well, fair.

For over year variances, blah, blah, blah, blah, blah. And on what they filed in DSP, that is true, but what they are actually planning to do, it is not true.

So what we want to know, and I think what you need to know, is what ‑‑ how did they actually prioritize their spending in light of this big investment they were planning to make?

You know, I have an older house, and it needs a lot of things. I have a list, like pages, but I can't do them all, obviously. You can never do all that you think needs to be done. Even though I really think it all needs to be done, I can't do it all. It's not realistic. So I have to prioritize. I have to say, okay, what's the most urgent or what do I want to do the most, what's going to give me the most near‑term benefit, that sort of thing.

But I am spending my money, so the only people I have to justify that you are my kids, who will, of course, be second‑guessing everything I say.

But Oshawa Power is in the same situation. They have a lot of things they want to do, and they are not spending their money. They are spending our money.

And that is the Board's role, of course. I don't need to tell you. Your role is to make sure that they spend our money prudently and they prioritize and minimize the rate impacts. But they don't want to tell you what the rate impacts are.

So we ask for what was your ‑‑ show us your options analysis. You would have done options analysis when you were planning for the building, because you have to look at how it fits into all the other things you're doing.

I mean, how are you going to borrow the money? How are you going to afford it? What is it going to do rates? That's another thing we asked for, rate impacts, revenue requirement impacts, benchmarking analysis.

Do you need to spend this much money? Is it better if you spend less money? And do you need to do all of that analysis to fit it into your capital plan? And if you haven't done that analysis, then your capital plan is wrong.

So what we are asking for is that they provide those options ‑‑ and they would have done all this stuff. I mean, I assume they've done all this stuff. I mean, they have already bought the land so you know that ‑‑ and spent a lot of money on it. So you know that they wouldn't have done that unless they've already decided to go ahead. And so there is going to be an options analysis somewhere around, including changes to it.

We've seen them. You know, this is not the first utility head office we've had to look at this where there has been nothing to look at. We've had to look at lots of them.

And in every case they look at, well, can we put it over there, and would it be cheaper? Could we rent it from somebody else? Can we have a public pilot private partnership? Is there an old building around that we can renovate? All sorts of things like that we could do.

On a benchmarking analysis, again, in the ICM proceeding, there will be benchmarking analysis from the company and from P interveners. But in the meantime, you need to see today where it fits into the DSP. And you can't do that if you haven't seen that they've actually done an analysis of is this the right amount to spend, is this the right amount of space we need, blah, blah, blah.

And most important, what are the rate impacts? Because, remember, this application already has a big rate impact. If they get what they asked for ‑‑ I don't remember what it is, but it's like 25 per cent or something ‑‑ but then they are saying, and by the way, this other thing that we didn't want to talk about, in a couple of years, it will be another 25 per cent. Well, that's a lot.

So what we would like to see is the things they've refused just to answer that they've said no, no, no, those are for the ICM application, which is true. But they are also relevant today, because today you are looking at, well, if they are going to be spending all this or asking to spend all of this, or by the time they make the application to the OEB, they've already spent it, which is even worse, the ‑‑ should they be spending all this money on a new ERP or a new CIS or an upgrade to the GIS system? I don't remember all the various items that they have like that.

Maybe they need to cut some of those back, just like I would have to do if I was going to spend money to replace all of the windows in my house. If I am going to do that, well, I can't spend money on the driveway this year.

So that is the second one. The 3rd, 4th, and 5th will be faster, by the way.

So the next one is the statements from the affiliates. And so I want to start with ‑‑ if you can look at the last page of our documents. This is their OM&A summary. And what you will see, I mean aside from the fact that they got approved a certain amount in the last rebasing, but then immediately shifted almost a million dollars from the operating side to the administrative side, but leave that aside. That was old management.

But what they have is on the OM&A line, they have a 67‑and‑a‑half per cent increase in OM&A. And on the G&A line, the biggest part by a long way is they have a 66 per cent increase. And remember, they already increased it by a lot after their last approval.

So the reason I raise that is because a significant part of that is their relationships with their affiliates. What they are doing is ‑‑

COMMISSIONER MORAN: Mr. Shepherd?

J. SHEPHERD: Yes?

COMMISSIONER MORAN: Sorry to interrupt. I just want to make sure I'm looking at the right page in your materials. Is that the one that says page 16 of 112 at the top?

J. SHEPHERD: Yes.

COMMISSIONER MORAN: Okay. Thank you.

J. SHEPHERD: Yes.

And ‑‑ sorry. The ‑‑ so what they are doing is they have a lot more affiliates now than they had in 2021. Just to give you an example, their payments to affiliates in 2021 ‑‑ and the information on that is on the sixth page of our material, page 100 of 112. If you look at the amounts being paid to Oshawa Power, they are ‑‑ sorry ‑‑ from Oshawa Power to affiliates, that's the corporate cost allocation at the bottom, that's $245,000.

Now if you go a couple of pages over to 2026, page 104 of 112, that number, which was 245 now, is now 1,193,725. It's gone up four times. And part of that, or a big part of that, is you will see in the section marked Shared Services, the market price for things like metering and collections, which are being done now by affiliates and being marked up.

And by the way, they are not proposing that that start in 2026. That started a couple of years ago. That markup started a couple of years ago. So if they do collections, for example, in the utility, they are not allowed to mark that up.

But if they shift it to an affiliate, then they can add ‑‑ what is the number ‑‑ $145,000 above actual cost, even assuming those cost numbers are correct.

So what we're asking for ‑‑ and this is pretty common, by the way ‑‑ we're asking can you please provide us with the most recent financial statements for all the affiliates that you're either providing services to or receiving services from. There's payments back‑and‑forth to the utility to the affiliates, and that's fine. Let's see their financial statements.

This, by the way, is not news. So I went just ‑‑ I ‑‑ it ‑‑ my initial thought was, well, we all know that this is something you have to look at. But since they are resisting it, and since their response ‑‑ I have to read it, just because it's interesting.

"Oshawa Power's affiliates are not regulated by the OEB and are separate legal entities. The information requested has no semblance of resemblance to the matters at issue in this application."

Which sounds a little bit like protesting too much. But, in any case, it is commonplace for the commissioners to look at the affiliate financial statements. And I just ‑‑ many utilities simply offer them, Kingston, for example, which operates through Utilities Kingston. They always file them and they are happy for them to be public. And Cambridge and Peterborough, and I could go on and on. There's numerous examples. I have probably seen 100 ‑‑ affiliate financial statements in 100 cases.

And so this is not something shocking. And I don't know how you can assess whether these payments to the affiliates are reasonable and should be included in rates, just and reasonable rates, unless you see what it looks like from the affiliate side. Are they making a whole pile of money? Is this how the ROI for the City is increasing? Because that wouldn't be kosher. And we don't know, because they refuse to provide the information. There is no semblance of relevance.

That next is question 26. This is sort of a little bit unusual. This corporate group is providing advice to lakefront utilities, which is a smaller utility, in ‑‑ it is not Bowmanville. Colburn, maybe, or Northumberland County, I think.

And its advice with respect to utility operations, from a group that includes a utility, but they're saying well, yes, if it's being provided by affiliates, so we don't have to tell you about it.

Well, if it is advice about running a utility, presumably it is utility people that are providing the information, and whether they technically work for an affiliate or work for the utility, they are part of the utility operations. And this seems to be a fairly straightforward thing, you are providing utility advice to another utility. Tell us about it.

So then the final one is ‑‑ we asked for ‑‑ this is in SEC‑169. We asked for a breakdown of the fully allocated cost analysis for shared services so they ‑‑ and the corporate cost allocations. So they are allocating costs for most of things ‑‑ and some of it is market rate, but a lot of it is allocated costs. They are simply taking a pile of costs and they are saying you get this much, you get this much, and you get this much. A lot of utilities do this. It is not rocket science.

And when they do, they have to show you that they are allocating it reasonably. And so what they have done instead is that they have said ‑‑ and this is in the second‑last page of our ‑‑ of our materials ‑‑ here's how much everybody is going to pay ‑‑ or sorry. Here's how much is going to be paid for these particular things, without talking about what the total costs are being allocated and the basis of the allocation. They just say the basis of the allocation is fully allocated costs.

So all we want is their allocation model. There will be a model of some sort. It's probably a spreadsheet. And so we've just asked, show us the allocation, how much is being allocated to each company, and the basis on which it is. Is it hours worked? Right? What they say is it's time spent on the utility business or time spent not on the utility business.

Well, that doesn't really help you very much if you don't know what the timesheet methodology is, which is probably just an estimate at the end of the year. How much of your time did you spend on the utility, Joe? 50 per cent. Okay.

And so we just want to see their allocation model. It shouldn't be a big deal. I mean, presumably they have one. They didn't just make these numbers up.

And that's it. Thirty minutes. I am proud of myself. Thank you.

COMMISSIONER MORAN: Thank you, Mr. Shepherd.

Commissioner Zlahtic, do you have any questions?

COMMISSIONER ZLAHTIC: Sorry. I am slow on the mic. Just one second here.

Mr. Shepherd, you were running us through a bunch of numbers when we were talking about 1‑SEC‑17. And, I apologize. I am following the documents for motion that you provided. I just wasn't able to keep up with you. Do you mind walking me through that again?

J. SHEPHERD: Okay.

COMMISSIONER ZLAHTIC: You were talking about a 67 and a half per cent increase in OM&A. And there's 66 per cent number tossed out there.

J. SHEPHERD: Okay. So the ‑‑ fair comment. So the 67‑and‑a‑half per cent is if you look at the line that says total, the second line from the bottom.

COMMISSIONER ZLAHTIC: Sir, what page are you on, sir?

J. SHEPHERD: This is on the last page of our document.

COMMISSIONER ZLAHTIC: Let me slow scroll and get there. Okay.

J. SHEPHERD: So you will see on ‑‑

COMMISSIONER ZLAHTIC: I'm not there yet I'm not there yet. Ease up. Okay. I'm there. Fire away.

J. SHEPHERD: Okay. So the second‑last line says total. That's the total OM&A. And I went from last rebasing year actuals which is 13.3 million to test year proposed which is 22 to 72 and that increase from 13.3 to 22272, which is about $9 million, is 67‑and‑a‑half per cent.

And then the other one I did is administrative and general, which is the line three up from that. And you will see they were approved for 5,000,885 in that category in 2021, but they actually spanned 6782. They reduced their spending in operations and maintenance and increased it in A&NG.

Anyway I took from 6782 to 11277725 in 2026, and that's 66.3 per cent increase.

COMMISSIONER ZLAHTIC: I've got it now. Thank you very much.

Commissioner Moran, I'm good now. I have no other questions.

COMMISSIONER MORAN: Thank you, Commissioner Dodds, do you have any questions.

COMMISSIONER DODDS: Commissioner Moran, I have no further questions.

Thank you.

COMMISSIONER MORAN: Okay. Thanks. Thank you.

Mr. Shepherd, anybody who wants to speak in support now. I think, Mr. Gluck, you indicated that you wanted to make a few submissions in support.

L. GLUCK: I do. Thank you.

Good afternoon, panel. The Consumers Council of Canada supports School Energy Coalition's motion which requests that the OEB order of Oshawa Power provide full and adequate responses to the interrogatories listed in the notice of motion at paragraph 1.

We also support the reasons for those requests as explained by SEC today. We have few very.

So if I zoom in on, let's just take the very first year, 2021 of the response and zoom, if I go all the way over to the right‑hand side, you can see a column titled "Total Cost" right there, which, if you add it up for any particular service, will give you the answer to what is the total cost for the service for each category. Just add them up.

Second, the question was, what costs were allocated where? Well, while in this chart and the information we provided, this, we show you, who the allocation was from, in the left‑hand column, and to whom it was allocated. So we are showing you with every single year, every single service offering, where it came from and where it was allocated to.

And the last thing, the question asked was, what was the basis of the allocation? So what we did is we added a column to the table that provides the basis for the allocation for every year, for every service in question. In this instance, the example we just happened to be looking at, time allocated to the affiliate. Or, in the test year, estimate of time allocated to the affiliate, was the basis for the allocation for almost every single service. In our view, that was fully and directly responsive to the discovery question that was asked.

Mr. Shepherd appears to say in his submissions today, he wished he had asked for our cost allocation model. The behind‑the‑scenes, how do you get to the allocations to these different parties.

I'm sorry, that's not what the interrogatory asked for. Had Mr. Shepherd asked to see that more detailed model, I would have had a conversation with my client about it. We would have dealt with things like confidentiality of personal information and individual employees, and all of that jarboly‑juke to figure out how we can get responsive information on the record.

But quite frankly, that is not what the question as written asked for. I hope my submissions were clear today. I'm available for questions to the extent the panel has any.

COMMISSIONER MORAN: Thank you, Mr. Vellone.

Commissioner Zlahtic, do you have any questions?

COMMISSIONER ZLAHTIC: No, I do not.

COMMISSIONER MORAN: Commissioner Dodds?

COMMISSIONER DODDS: Commissioner Moran, no, I do not.

COMMISSIONER MORAN: Thank you, Mr. Vellone.

Before we continue, we are going to take a 15‑minute break so we will come back at 3:40.

‑‑‑ Recess taken at 3:24 p.m.

‑‑‑ Resuming at 3:41 p.m.

COMMISSIONER MORAN: Just before we resume with you, Mr. Shepherd, the panel just has a question for Mr. Vellone.

Mr. Vellone, in listening to your submissions, I think we've heard a bit of a theme that much of the requests that are being pursued here by schools are not necessarily irrelevant, but are part of a subsequent disclosure process leading up to the hearing. And I'm just wondering, I mean, if we're scheduling a hearing later on this month, you know, whether it makes more sense just to concede and provide those additional materials earlier rather than waiting for another procedural order from the panel.

J. VELLONE: I would have done that in the same way I did with, I guess it was, the question around the business transformation plan.

If I was able to, on the motion materials on its own, tease out what it is exactly he's asking for that we didn't give. Unfortunately, I heard a lot of new information today that certainly isn't in the black‑and‑white text.

If Mr. Shepherd is willing to give us an amended series of questions seeking the information that he's looking for, on the ones that I have verbally admitted to are relevant today, we would definitely consider a subsequent interrogatory round for that narrow scope.

What I was struggling with, Commissioner Moran, is we can only answer the questions we're given. We can't be asked to guess at stuff that's not in there. And this motion process is about the sufficiency of the responses to the questions we were given, not something different, and, in my view, they were sufficient. And what's to stop Mr. Shepherd from doing this again, just keep using the motion process to ask questions that he wished he should have asked the first time, like a week from now or a month from now?

The Applicant does have procedural rights to have their case heard.

COMMISSIONER MORAN: Thank you for that, Mr. Vellone.

Let's hear your reply, Mr. Shepherd, and see where that takes us.

J. SHEPHERD: Thank you.

Welcome back, Commissioners. I'll be fairly brief, I think.

I think what I'm hearing is two themes. Theme number one is, we didn't understand your questions or you didn't word them right. You didn't ask for the right things and now you can't have them. It doesn't matter whether they're relevant. It doesn't matter whether they would assist the panel, you can't have them. And if you want them, ask for them later. And, of course, the later would be the hearing; right? Which is the time at which discovery is supposed to be over by then. We're supposed to be testing evidence then, not discovering.

And the problem is that then we get all this information on the prioritization and on what the point of the business transformation plan was, and all that stuff, the initial plan that we asked for, and we can't do any follow up on it, and the Board can't do any follow up on it, so that's not sensible.

We should all be working to make sure there is a complete record here. And so if something is needed for a complete record, then ‑‑ and the Applicant has it, it should be provided. It's not really a complicated thing. So that's the first theme.

The second theme is fishing expedition. I don't know how many times I heard the words "fishing expedition" come out of Mr. Vellone's mouth in the last 30 minutes. A dozen probably. I'll count them on the transcript.

A lot of interrogatories are fishing expeditions, let's be clear. The Applicant has all of the information, the whole problem of information asymmetry, which we all know about. So when we suspect that there might be some useful information in a particular document, we asked for the document. OEB staff does the same thing. We all do.

It's ‑‑ for my friend to say, well, it's a fishing expedition to ask for the financial statements of a company that is marking up services to the utility and is an affiliate, yes, that's a fishing expedition. We want to know how they're marking up the services. Is it a fishing expedition that we're ‑‑ that the utility is providing services to an affiliate and we don't know anything about that affiliate except that it provides certain services to the public? How do we know that those are priced properly? How do we know there aren't a whole lot of people working on the affiliate in the company? Well, we'll know that if we see the, for example, that affiliate's financial statements that show, "Oh, no, we don't have any employees; our only costs are what the utility charges us."

And so I ‑‑ like the fishing expedition argument is just a poor one in my view. Discovery questions are often fishing expeditions. They can't be stupid. You can't just ask for a bunch of stuff because there might be something in there. You have to have a sensible reason, but if there's a bunch of affiliate transactions, it makes a lot of sense to ask, well, show us your lark. Show us what's going on. And my friend says, well, what about the services agreements? These are the agreements that are prepared for the regulatory process because the regulatory process requires them and are designed to be filed so that nothing looks bad.

I don't know how many affiliate services agreements I've looked at over the years. Hundreds and hundreds and hundreds. I've never seen a smoking gun in one of those agreements because the lawyers look at them before they're filed to make sure there's nothing bad in them. So affiliate services agreements ‑‑ they're important documents, but they're not helpful to the regulatory process.

The biggest area, I think, of disagreement ‑‑ I'm not going to agree that we didn't ask good questions. I think the questions we asked, it was obvious what the answers were that we were looking for. And Mr. Vellone is experienced counsel, the Director of Regulatory Affairs at Oshawa Power is long‑experienced, in this area and they knew what we wanted. To say otherwise is just not correct.

That having been said, it shouldn't matter.

But, first of all, the normal practice, if you have a question and you don't know what they're asking for, what happens normally? Well, what happens is, I get a phone call from counsel or from the utilities saying, "Hey, we have this question, can you tell us what it is you're looking for, because it looks a bit wonky?" Now, we don't have that happen to us a lot because we're pretty careful in how we word our questions, but other interveners often have that happen because they ask a sort of a mushy question, and the utility legitimately doesn't understand what they're looking for.

Well, that's not the case here. They knew what we were looking for in the business transformation plan. They had a decision prior to getting new management because that's why they got new management.

The biggest area, however ‑‑ I just want to make a comment on Lakefront, by the way. Lakefront is in North Cumberland County and it serves Cobourg and Colborne, just in case anybody has any questions about that.

The biggest area is question 9, and what my friend seems to say is we may have some of this information, I mean, presumably they did an options analysis. We may have a benchmarking analysis. We may even have estimated rate impacts, but you didn't ask for how it's going to affect the ratepayers because rate impacts doesn't ‑‑ isn't a question about how it affects the ratepayers, and so we don't have to answer it.

And, in any case, we have proposed a various account. And it's asymmetrical various account ‑‑ right? ‑‑ so if you go over budget on OM&A, then you get to collect that too; right? I think I'm remembering that correctly.

But what they want to do is push questions about prioritization, impact on OM&A, impact on ratepayers to the hearing so that we have a very limited opportunity to get discovery for that information. They have a pile of stuff sitting at their offices, and they don't want us to see it, and they don't want you to see it more importantly.

And so let me just ‑‑ yeah, okay, one other comment. My friend says, Well, on 7B, we amended our question in the motion and then today we amended it again because the initial plan, and its connection to the management turnover, is not clear enough, which is what we asked.

So, other than that, I think we're all talked out and, unless you have any questions, I'm done.

COMMISSIONER MORAN: Thank you, Mr. Shepherd.

So the panel will adjourn for a few minutes to confer and then we'll be back in shortly. So if you could just hold for a few minutes, that would be great.

Ms. Connell, can we get a breakout room, please. Thank you.

‑‑‑ Recessed at 3:53 p.m.

‑‑‑ On resuming at 4:00 p.m.

COMMISSIONER MORAN: Let me start by thanking everybody for their submissions. They've been very helpful to the panel.

Mr. Vellone, I think we heard, through your submissions, that there's not necessarily strong disagreement that the information being requested is largely relevant, and it's more a question of whether there should be another round of disclosure and so on.

The Panel's of the view that the more efficient approach would be for you and Mr. Shepherd to get together and just get organized around the stuff that is relevant, that you appear to have conceded is relevant, and then if there's something that's truly in dispute, we'd like you to report back on that by end of day Thursday, the 2nd of October, and then we'll decide what's truly in dispute.

It seems pretty clear to us that there isn't a strong dispute as to whether the information is relevant or should be provided, but there are a couple of things that might be truly in dispute and we're happy to adjudicate those.

And when you report in on the 2nd, it'll be a joint submission. When you report, let us know what timeframe is needed to file the documents that have been agreed on and whether time is needed to consider confidentiality issues and so on. But I think there's a practical path forward and, Mr. Vellone, and, Mr. Shepherd, I think you're both experienced professional counsel. I think you can probably resolve most of, if not all, the dispute between you, if you just sit down and talk. You've had a chance to hear each today and I think you've got a basis for finishing that out.

So any questions or concerns that you'd would like as to address?

J. VELLONE: So I do have legitimate relevance disputes on SEC 9, SEC 17 and SEC 26.

COMMISSIONER MORAN: Right. So sort that out with Mr. Shepherd, get it really sharpened up to what specifically needs to be adjudicated by us, and then just tell us what that is by end of day, October 2nd.

J. SHEPHERD: Can I just ask a clarification? Are you, Commissioners, are you asking us to sort of create a list of the documents that might be involved in these things and identify which ones are disputed and which ones are not?

COMMISSIONER MORAN: No. Just tell us what's disputed and then tell us how much time is needed to file the ones that aren't disputed. And I guess when the ones are filed, we'll see them when they're filed, right?

J. SHEPHERD: Okay.

COMMISSIONER MORAN: Everything that's agreed should be filed, you know. We'll be on the record, you don't have to tell us what those are, just ‑‑ we'll look at them when they come in the door.

J. SHEPHERD: Okay.

COMMISSIONER MORAN: I think the key thing is that we just need to know what specifically has to be decided by us.

J. SHEPHERD: I apologize.

My question was more, do you want us to do it document by document so that we are very precise on what it is that we're disputing?

COMMISSIONER MORAN: In terms of what's in dispute? Yeah, I mean, the more precision, I think the easier everyone's job is going to be on this. I think we understand the submissions that have been made across all of the documents and then if there's specific relevance problems with particular documents, we understand the issue, right? Thank you.

All right. And I guess with that we are adjourned.

--- Whereupon the proceedings concluded at 4:04 p.m.