



# ONTARIO ENERGY BOARD

**FILE NO.**

**EB-2025-0014**

**Oshawa PUC Networks Inc.**

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**VOLUME:**

**1**

**DATE:**

**October 28, 2025**

**BEFORE:**

**Patrick Moran**

**Presiding Commissioner**

**Robert Dodds**

**Commissioner**

**Anthony Zlahtic**

**Commissioner**

THE ONTARIO ENERGY BOARD

Oshawa PUC Networks Inc.

Application for electricity distribution rates  
and other charges beginning January 1, 2026

Proceeding held in person and virtually  
at 2300 Yonge Street, 25th Floor, Toronto, Ontario  
on Tuesday, October 28, 2025, commencing at 9:34 a.m.

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VOLUME 1  
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A P P E A R A N C E S

COMMISSIONER MORAN  
COMMISSIONER DODDS  
COMMISSIONER ZLAHTIC

LAWREN MURRAY Board Counsel  
TOBIAS HOBBS  
TYLER DAVIDS

ASTRIT SHYTI Board Staff  
SHELLY-ANNE CONNELL

JOHN VELLONE Oshawa PUC Networks, Inc. (OPUCN)  
COLM BOYLE  
MICHAEL MICHELL

JAY SHEPHERD School Energy Coalition (SEC)

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

LAWRIE GLUCK Consumer's Council of Canada (CCC)

MARK GARNER Vulnerable Energy Consumers  
Coalition (VECC)

DANIEL VOLLMER Distributed Resource Coalition  
(DRC)

MICHAEL BROPHY Pollution Probe (PP)

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Tuesday, October 28, 2025

--- Upon commencing at 9:34 a.m.

COMMISSIONER MORAN: Thank you. Please be seated. Well, good morning, everybody. This is a hearing into an application brought by Oshawa PUC Networks. It is a rebasing application following on their five-year IRM term. We will be looking at a couple of things before we get into the hearing itself, and I will get into that in a minute.

So my name is Patrick Moran. I am presiding but accompanied by Commissioner Robert Dodds and Commissioner Anthony Zlahtic. First thing we will do is we will take appearances for the Applicant.

C. BOYLE: Good morning. My name is Colm Boyle, and I am here with my partner, John Vellone, from Borden Ladner Gervais and our student, Michael Mitchell.

COMMISSIONER MORAN: Thank you.

L. GLUCK: Good morning. My name is Lawrie Gluck, and I am a consultant for the Consumers Council of Canada.

COMMISSIONER MORAN: Mr. Gluck.

J. SHEPHERD: Good morning, Commissioners. My name is Jay Shepherd. I am counsel for the School Energy Coalition.

COMMISSIONER MORAN: Mr. Shepherd.

M. BROPHY: Good morning. Michael Brophy on behalf of Pollution Probe.

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*Arbitration Place*

**(613) 564-2727**

**(416) 861-8720**

1 D. VOLLMER: Good morning. Daniel Vollmer,  
2 counsel for the Distributed Resource Coalition.

3 COMMISSIONER MORAN: Mr. Vollmer.

4 MR. LADANYI: Good morning. My name is Tom  
5 Ladanyi. I am a consultant representing the  
6 Coalition of Concerned Manufacturers and Businesses  
7 of Canada.

8 M. GARNER: Good morning, Commissioners. My  
9 name is Mark Garner, and I am representing VECC.

10 L. MURRAY: Good morning, Commissioners. Lawren  
11 Murray, counsel to OEB staff, and with me from OEB  
12 staff is my cocounsel, Tobias Hobbins, and case  
13 manager, Tyler Davids.

14 COMMISSIONER MORAN: Is that everybody? I think  
15 it is. Thank you.

16 Next we will have the land acknowledgement.

17 **LAND ACKNOWLEDGEMENT**

18 S-A. CONNELL: The Ontario Energy Board  
19 acknowledges that our headquarters in Toronto is  
20 located on the traditional territory of many nations  
21 including the Mississaugas of the Credit, the  
22 Anishnabeg, the Chippewa, the Haudenosaunee, and the  
23 Wendat peoples.

24 This area is now home to many diverse First  
25 Nations, Inuit, and Métis peoples. We also  
26 acknowledge that Toronto is covered by Treaty 13 with  
27 the Mississaugas of the Credit. We are grateful for  
28 the opportunity to gather and work on this land and

1 recognize our shared responsibility to support and be  
2 good stewards of it. Thank you.

3 COMMISSIONER MORAN: Thank you.

4 **PRELIMINARY MATTERS**

5 So before we proceed any further, we understand  
6 that there is a preliminary issue that we would like  
7 to address. Mr. Vellone, we received communication  
8 yesterday with respect to our confidentiality  
9 decision, specifically in relation to the cost of the  
10 proposed new building, and I understand that there is  
11 some concern about our ruling on that.

12 Mr. Shepherd, I understand that in response to  
13 Mr. Vellone's communication that you were thinking  
14 about asking to adjourn the proceeding until this all  
15 gets sorted out. What we would like to do is to  
16 adjourn briefly for about 15 minutes. We would like  
17 to get a better understanding from the Applicant with  
18 respect to the question of confidential treatment for  
19 the number, and so we would like to hear some  
20 submissions on that.

21 It may be that there is some creative solution  
22 that people can propose for -- so that we can carry  
23 on with the hearing without necessarily having to  
24 deal with the confidentiality issue, but we also do  
25 actually want to understand what the specific concern  
26 is in case we have missed that in our ruling.

27 And if there is a question of adjournment, we  
28 will just defer that for now. But we would like the

1 parties to have the opportunity to confer and to see  
2 if there is a solution for proceeding on this in  
3 light of the concern. If that works for everybody,  
4 that would be great.

5 So we will adjourn, and we will come back at --  
6 in about 15 minutes.

7 Mr. Lawren -- Mr. Murray -- sorry -- if you  
8 could just let us know how things are going and if a  
9 little bit more time is needed, or if the parties are  
10 ready, just give us a heads-up.

11 L. MURRAY: I will.

12 COMMISSIONER MORAN: Thank you.

13 L. MURRAY: All rise.

14 --- Recess taken at 9:40 a.m.

15 --- Upon resuming at 9:59 a.m.

16 COMMISSIONER MORAN: Thank you. Please be  
17 seated.

18 J. VELLONE: Thank you, Commissioners, and good  
19 morning. The parties did have a chance to confer,  
20 and unfortunately we were unable to reach resolution  
21 of the area in dispute brought up by Mr. Shepherd's  
22 note from last night. I will take a moment to  
23 outline the Applicant's perspective on this, and then  
24 I will let Mr. Shepherd speak to his position on the  
25 areas that --

26 J. SHEPHERD: Excuse me. I am sorry. I have a  
27 motion I would like to present, and I think the  
28 moving party should go first.

1           COMMISSIONER MORAN: Yeah, that is fine, Mr.  
2 Shepherd. I think, first of all, we would like to  
3 hear Mr. Vellone's submissions with respect to the  
4 confidentiality question and understand the concerns  
5 because we do have some questions, and then let's see  
6 where that takes us. Okay?

7           **SUBMISSIONS BY J. VELLONE**

8           J. VELLONE: Okay. Thank you, Commissioner.

9           The Applicant requested confidential treatment  
10 of the building cost number, both the components and  
11 the overall number, back when we filed our  
12 interrogatory responses at the end of July.

13           Our concern, as we articulated back then,  
14 remains our concern today, which is that putting  
15 these numbers into the public domain when the  
16 Applicant still intends to conduct competitive tender  
17 processes to procure the prime contractors to  
18 actually build this building could cause harm to both  
19 the Applicant and ultimately ratepayers who would be  
20 asked to pay for this building.

21           That concern hasn't changed. That continues to  
22 be our concern today. If anything, the concern has  
23 become more, not less, acute just by the passage of  
24 time. We are now into the fourth quarter of the  
25 year. We are -- the client is actively, through  
26 their construction manager, engaged in these  
27 procurements live right now. At best, they are done  
28 by the end of the year, early Q1 next year.

1           So the concern became more acute, not less,  
2 Commissioner Moran. That is the basis both for the  
3 letter you received yesterday as well as the  
4 procedural steps to prepare a motion to review.

5           I will say OEB staff, in their materials,  
6 circulated a table of bill impacts associated with  
7 the new building, both dollar amounts and  
8 percentages. The Applicants have no concern with  
9 those numbers going on the public record because we  
10 think, frankly, it would be impossible for anyone to  
11 back-calculate what the building cost envelope would  
12 be.

13           COMMISSIONER MORAN: Question for you, Mr.  
14 Vellone. The -- I mean, typically a rates  
15 application is supported by a distribution system  
16 plan, and the one that was filed in support of  
17 Oshawa's application did not include any mention of  
18 the building. But it does, of course, include a  
19 number of capital projects with some costs associated  
20 with each of those projects, some of which might be  
21 at a more advanced stage than others and so on.

22           It is in that context that we are trying to  
23 understand, you know, what the concern is. Because  
24 presumably if there is a confidentiality problem with  
25 a number that is close to procurement, all of the  
26 things that are in your DSP are at some point going  
27 to go through some kind of procurement process.

28           So why is this particular number any different

1 from any other number that would show up in your  
2 distribution system plan?

3 J. VELLONE: Unlike the balance of the numbers  
4 in the DSP, ultimately the OEB approves an envelope.  
5 You are approving rates. You are not necessarily  
6 approving a DSP. And so the Applicant has  
7 considerable discretion to reallocate their resources  
8 as between different project items, frankly,  
9 beginning the day after the decision is issued. That  
10 is not really the case for this discrete single-  
11 material capital project. The parties are aware, and  
12 I will say the Applicant clearly indicated its plans  
13 to proceed with this building in the DSP.

14 It then explicitly noted it omitted the dollar  
15 amounts from the table and tried to explain why, and  
16 it is because the ICM test stays outside of the base  
17 upon which rates are set. We wanted to be clear, the  
18 intention of the Applicant was to have the building  
19 outside the base upon which rates are set, so that is  
20 why the number wasn't in there.

21 COMMISSIONER MORAN: Right. So I am not sure if  
22 that is completely responsive to my question. You  
23 are right that typically an envelope is approved, but  
24 it is on the basis of understanding what is planned  
25 over the next five years or so and also in  
26 recognition that things can be reprioritized and so  
27 on.

28 But I guess, like, you could have a transformer

1 station that is -- because you have got a transformer  
2 station coming to end of life, and it will be in your  
3 DSP, and typically there is a number associated with  
4 that because we have to set the -- we have to  
5 establish an envelope for capital spending in order  
6 to establish rates.

7 So, again, I am just trying to understand, you  
8 know, when you have numbers for a whole series of  
9 projects, some of which may be useful, you know,  
10 numbers for somebody to consider in a procurement  
11 process, but at the end of the day, this procurement  
12 processes seem to happen without any difficulty, what  
13 is the challenge here?

14 You are looking at a building. It is -- you  
15 know, estimators know how to do buildings. You have  
16 got estimators working for -- Oshawa has estimators  
17 working for them. Bidders will have estimators  
18 working for them. They are all looking at the same  
19 market and same prices and the same costing and have  
20 to put together competitive bids.

21 So I am just trying to understand, you know, a  
22 number that is plus or minus 10 or 15 percent, you  
23 know, why that is a particular problem for us here.

24 J. VELLONE: It is, I think, a question of just  
25 the materiality of the spend, Commissioner Moran, and  
26 where we are in the tender cycle. We had an  
27 intention to file an ICM application where all of  
28 this would be canvassed in the public domain next

1 year once the tenders are closed and the bidders  
2 couldn't play with the numbers.

3 We didn't think it was prudent to tell the  
4 estimators on the other side of those procurements  
5 the numbers that we're trying to work to before those  
6 procurements are concluded.

7 COMMISSIONER MORAN: Commissioner Dodds, do you  
8 have any questions?

9 COMMISSIONER DODDS: If I understand correctly,  
10 the land is already purchased?

11 J. VELLONE: That's correct.

12 COMMISSIONER DODDS: And if you're looking at --  
13 did you look at other options like having a third  
14 party build and lease back other than building your  
15 own building? Or along the same lines, if you -- the  
16 biggest unknown when you are trying to estimate the  
17 cost of a commercial office complex -- there is a lot  
18 of examples around how much is cost per square foot.  
19 It will be pretty close to what the real market is.  
20 And the only variable that will have a large impact  
21 on the final price is the land, and you already have  
22 the land.

23 So I have a hard time understanding why you  
24 won't divulge the price because you can get estimates  
25 now. I am not sure what you used on your -- on all  
26 your other items and the advance capital model, but  
27 you probably used AESC or something similar, and that  
28 is good enough for budgeting.

1 I fail to understand why you feel this is an  
2 issue here, because you have a single -- you don't  
3 have a single vendor or builder that is going to  
4 competitive bidding. I still have -- I can't  
5 understand why you would not put the price in.

6 J. VELLONE: You are putting me in a difficult  
7 spot, Commissioner Dodds, because I can't speak to  
8 facts that aren't on this record. I am certain my  
9 friend Mr. Shepherd would object.

10 What I can give you is wait until our motion  
11 materials are served, and you will see exactly why we  
12 are concerned.

13 COMMISSIONER DODDS: Just a few more general  
14 questions. Just maybe because you are going to file  
15 a separate application, it may not be the right place  
16 for these questions, but it will help us to look at  
17 an envelope.

18 What is your occupancy model for the building?  
19 Like, two days a week? Three days a week? Five days  
20 a week? It has a big impact on the space you need  
21 and the final cost. Was there such a -- were those  
22 considerations taken into account already.

23 J. VELLONE: I might suggest we defer this to  
24 when the witness panel is sworn and let them give  
25 evidence to this because I think they can easily  
26 answer these questions --

27 COMMISSIONER DODDS: Okay.

28 J. VELLONE: -- and get it on the transcript.

1           COMMISSIONER DODDS: Okay. Thank you. I have a  
2 few questions on that same line. I will wait until  
3 the panel is all --

4           COMMISSIONER MORAN: Commissioner Zlahtic, any  
5 questions?

6           Mr. Shepherd, do you have any submissions in  
7 response?

8           **SUBMISSIONS BY J. SHEPHERD**

9           J. SHEPHERD: My friend is arguing the same  
10 things that he argued earlier twice, and we would  
11 only be repeating the arguments we made in writing.

12           The fact is, yes, it is true that -- that the  
13 Applicant has been consistent in their position that  
14 this would affect a procurement, even though those of  
15 us who have been through procurements of large  
16 buildings don't believe that is true.

17           But in any case, he lost. They lost the motion.  
18 So the existing situation is not let's reargue this  
19 again. That is wrong. He lost. He has a right to  
20 appeal. Okay, appeal. The appeal is not here. The  
21 appeal is somewhere else.

22           So I think this is -- my friend is seeking to  
23 reargue a motion that he already lost. That is not  
24 proper. Those are our submissions.

25           COMMISSIONER MORAN: Thank you, Mr. Shepherd.  
26 Any other submissions?

27           **SUBMISSIONS BY M. GARNER**

28           M. GARNER: Yes, Commissioner --

1 COMMISSIONER MORAN: Mr. Garner.

2 M. GARNER: -- Moran. For VECC. We would like  
3 to speak in support of our friends at Schools and to  
4 -- because we may not get to it today, to take from  
5 my opening statement on this issue, you know, it is  
6 clear and the Applicant makes it clear that a central  
7 question is the size of this investment during this  
8 rate plan. And the avoidance of putting that in the  
9 public record, to us, seems totally inappropriate.

10 We have not signed any confidentiality  
11 agreement, right. I mean, VECC does not know how  
12 much more in a year or two ratepayers are expected to  
13 pay for this building. That is a secret, and that is  
14 a secret from the ratepayers of this utility. And we  
15 don't understand, quite frankly, even the logic going  
16 on here.

17 Because I would put to you, if Mr. Dodds wanted  
18 to put up a building -- pardon me -- Commissioner  
19 Dodds wanted to put up a building and put out a  
20 price, and the other two of you were to bid on it,  
21 would you bid above his price -- you are both  
22 competing with each other -- or would you bid below  
23 his price? Because you don't know which one of you  
24 is going to bid what number, but you know there is a  
25 number out there. So it seems, to us, implausible  
26 even on the concept of what they are talking about.

27 But that is not really the point to us. To us,  
28 it is if the ratepayers don't see it, we don't see it

1 either. That is our position. We see what the  
2 ratepayer sees. And so we will make our decision, we  
3 will make our argument in absence of this.

4 And to be quite frank, part of our argument may  
5 be, after all of this examination, that this hearing  
6 is too early. The Applicant themselves are saying is  
7 we are just on the cusp of doing this. And I go,  
8 well, okay, then let's come back and do this in a few  
9 months, and we will have all that information, and we  
10 will do this. What is the difference? Tell us what  
11 is the difference.

12 And it seems just wrong to us to what is going  
13 on. This is not a small thing. This is a central  
14 thing to this application. And even at its smallest  
15 level, we can't find out things; we at VECC and we  
16 the ratepayers. We can't understand that. And so it  
17 seems, to us, perfectly reasonable that if this  
18 matter for the motion be deferred until this is  
19 settled. In our mind, quite frankly, we should defer  
20 the whole thing until it is done in January. We will  
21 all see each other in March, and we will move on from  
22 that point, and we will have all the information we  
23 need, you know, or more.

24 So, you know, with those thoughts, you know,  
25 that is our position on the motion. Thank you,  
26 Commissioner.

27 COMMISSIONER MORAN: Thank you, Mr Garner.  
28 Mr. Ladanyi.

1           **SUBMISSIONS BY T. LADANYI**

2           T. LADANYI: Yes. CCMBC is also supporting  
3 Schools here. We believe that the real reason that  
4 Oshawa Power does not want to disclose the  
5 information about the building because they are  
6 trying to keep the public and the City of Oshawa in  
7 the dark about how much this costs. If the public  
8 knew the cost of this building, they would be aghast.

9           Now, you might have been reading in the media  
10 about the situation in Tiny Township where the  
11 township is building a \$28 million building, and  
12 there are demonstrations against that building, and  
13 it is too expense.

14           So I -- this is a very expensive building. I  
15 have signed declaration and undertakings, so I know  
16 what it costs. And I think if the public knew, they  
17 would be upset, and they would be angry, and I think  
18 some politicians in Ottawa would be -- in Oshawa,  
19 rather, would be in trouble. So they are trying to  
20 keep quiet as long as possible.

21           So we are supporting Schools.

22           COMMISSIONER MORAN: Thank you, Mr. Ladanyi.

23           Mr. Brophy.

24           **SUBMISSIONS BY M. BROPHY**

25           M. BROPHY: Good morning. Michael Brophy on  
26 behalf of Pollution Probe. We have been in support  
27 of providing the information, and it would be very  
28 difficult to proceed with the elements, particularly

1 in relation to the broader capital plan, without  
2 understanding the overall impact. We understand the  
3 ability for the utility to file a separate ICM in the  
4 future separate from a five-year rate plan, but we  
5 also certainly have come across the issues related to  
6 that because it does relate to certain tradeoffs and  
7 things that they are proposing. So we believe that  
8 it would be more efficient and transparent if that  
9 information were provided.

10 **QUESTIONS BY THE COMMISSION PANEL**

11 COMMISSIONER MORAN: Thank you, Mr. Brophy.

12 Just a follow-up question for you, Mr. Garner.

13 I just wanted to confirm, you have not signed the  
14 undertaking, so you actually don't know what the  
15 number is?

16 M. GARNER: I do not know what the number is.

17 COMMISSIONER MORAN: Okay.

18 M. GARNER: But from what I can gather, it must  
19 be a big number.

20 COMMISSIONER MORAN: Fair enough.

21 And, again, just to confirm with everyone else,  
22 everyone else has signed the -- is there anyone else  
23 who hasn't signed the undertaking that doesn't  
24 currently have access to that number?

25 I think, Mr. Ladanyi, you said you had signed,  
26 right?

27 Mr. Shepherd, I have seen your undertaking on  
28 the record. Yeah, okay. Fair enough.

1           Mr. Vellone, just turning back to you, the --  
2 you essentially made the statement that the number on  
3 the record will cause harm, but you never really  
4 articulated what that harm is, and certainly we  
5 haven't seen any articulation of the actual harm.

6           I wonder if you could just expand a little bit  
7 on what exactly -- concerned about because I think we  
8 are having some difficulty understanding that. Your  
9 initial submissions didn't really articulate any  
10 particular harm other than an assertion that there  
11 would be harm sort of on an automatic basis because -  
12 - and that is what we are trying to understand.

13           J. VELLONE: Certainly, Commissioner Moran. I  
14 will be careful here because the motion materials  
15 would likely have facts, and all I can give you are  
16 my submissions on this, so I will qualify my comments  
17 in that regard.

18           The form of competitive tendering that the  
19 construction manager is using has multiple bidders  
20 bidding against each other for chunks of work. Their  
21 observation from a practical point of view is while  
22 they are not supposed to, we know those bidders  
23 communicate as between each other, unfortunately, for  
24 better or for worse. That if the client's cost  
25 envelope got into the public domain and became common  
26 knowledge among bidders like that, there is a risk  
27 that the efficiencies that we -- my client is trying  
28 to achieve from going to the open book tendering

1 model would not be realized once the bidders are  
2 aware of the total cost envelope.

3 Effectively, this is a broader public sector  
4 entity. They have a really big budget. We can  
5 increase our bids to fit that budget, and that is  
6 what illuminates our request for confidentiality  
7 today. We have no problems with this material  
8 entering the public domain when we file a subsequent  
9 ICM request and have a full hearing on need and  
10 prudence at that time. It is really a temporal issue  
11 now. I hope I addressed your question.

12 I do want to address something Mr. Garner said  
13 which related to waiting until January. We strongly  
14 object to any suggestion that this proceeding be  
15 deferred until January. The Applicant does have a  
16 right to have their application heard. They are  
17 here. They are ready to be cross-examined and  
18 questioned on everything on the record, including  
19 this -- including this building cost.

20 The only added step, because it is confidential,  
21 is to go in camera like you would with any of the  
22 other confidential materials on the record so the  
23 questioning and discovery and challenging of the  
24 witnesses can still happen. Yeah, we would strongly  
25 object to a decision to defer this proceeding.

26 J. SHEPHERD: Commissioners, I am sorry to --

27 COMMISSIONER MORAN: Just a moment. If you just  
28 wait a moment, I have another question for --

1 J. SHEPHERD: I just wanted to respond to  
2 clarify something that Mr. Vellone said.

3 Is what he is saying about the impact on the  
4 procurement process -- is that his view, or is he  
5 telling us what his construction manager has said?  
6 Because I don't see the construction manager in the  
7 room to be cross-examined.

8 COMMISSIONER MORAN: Mr. Vellone, as I  
9 understood your submission, you are basing that --  
10 your submission on what you understand from your  
11 construction manager, which will inform the motion  
12 record that you are in the process of preparing? All  
13 right.

14 In the interest of trying to keep things going,  
15 how would you react to an approach that -- along  
16 these lines. What if we just pick an arbitrary  
17 number out of the air. It could be too high. It  
18 could be too low. Let's just say for the purposes of  
19 the conversation in this room, we are going to use  
20 the number \$50 million. Maybe that is above the  
21 amount. Maybe it's below the amount. But it is a  
22 big number. And is that something that we could work  
23 with, from your perspective?

24 J. VELLONE: Yes. The Applicant would have no  
25 issue with -- on the oral hearing transcript parties  
26 using a hypothetical number on the understanding that  
27 it is hypothetical. There is no way a bidder could  
28 use that to discern our cost envelopes.

1           COMMISSIONER MORAN: Mr. Shepherd, what would  
2 you think of an approach like that? Well, we've  
3 heard -- we've heard Mr. Vellone tell us that he is  
4 fine with the rate impact information coming in  
5 because it can't be reverse-engineered, so you have  
6 got the actual rate impacts for your purposes.

7           And rather than having to flip in and out of in  
8 camera and back on the record, what do you think of  
9 that approach for -- or do you need a few minutes to  
10 think about it and maybe --

11          J. SHEPHERD: No. We have actually discussed  
12 this.

13          COMMISSIONER MORAN: Okay.

14          J. SHEPHERD: We discussed it when you were out  
15 of the room.

16          COMMISSIONER MORAN: Okay.

17          J. SHEPHERD: So not telling tales out of  
18 school, but it is not new. And, in fact, during the  
19 motion hearing, I, on the public record, said, \$70 or  
20 \$80 million. It is a hypothetical, but let's just  
21 say \$70 or \$80 million, and nobody objected. And we  
22 thought about that. But then the question is -- and  
23 we are back to the more fundamental question: The  
24 Board's policy of transparency and whether the  
25 ratepayers have a right to know the truth.

26          And to try to get around it for expediency is  
27 just not right. Transparency means transparency.  
28 Tell the ratepayers the truth. And the intervenors

1 have talked about this, and, I think, generally agree  
2 -- I don't know whether they all agree, but most --  
3 that the ratepayers are entitled to know the number.

4 COMMISSIONER MORAN: So Mr. Vellone says that  
5 the number will become part of the public record in  
6 due course. He just wants to hold off on the number  
7 becoming public on a temporary basis. So does that  
8 address your concern about transparency, if --

9 J. SHEPHERD: Well, there is two reasons why you  
10 would want to delay disclosing the number to the  
11 public. The first is the reason that Mr. Vellone has  
12 suggested, which is it will screw up the procurement  
13 process. I don't believe that. I have done too many  
14 procurements to believe that is true.

15 But the other reason is that once the  
16 procurement is done and you have selected a bidder,  
17 then public opposition to what you are doing is  
18 muted. It is harder to fight something that is  
19 already essentially a fait accompli. So it makes  
20 sense for the Applicant to make it -- keep it secret  
21 as long as possible because then any public  
22 opposition will be less.

23 COMMISSIONER DODDS: Yeah, just a quick  
24 clarification, Mr. Vellone. You said that there will  
25 be multiple bidders on various aspects of this  
26 project like mechanical, electrical, steel work,  
27 frame work, heating, and so on. So it would be all  
28 different contractors bidding on this building; is

1 that correct?

2 J. VELLONE: I will be careful to qualify my --  
3 I have only spoken to the construction manager once,  
4 but that is my understanding.

5 COMMISSIONER DODDS: That being the case, I have  
6 difficulty understanding why an overall price would  
7 impact their bids on --

8 J. VELLONE: That would be the crux of the  
9 motion that we will be filing, and we would allow  
10 people to examine witnesses to that effect. I think  
11 I would not do it justice, to be honest, Commissioner  
12 Dodds.

13 M. GARNER: Commissioner Moran, may I?

14 COMMISSIONER MORAN: Mr. Garner.

15 M. GARNER: Again, VECC has on purpose  
16 consciously not signed these disclosures because we  
17 really do believe it is important for us to represent  
18 what ratepayers are seeing.

19 And I would ask you to put yourself, then, in  
20 our position -- we don't mind being excluded from the  
21 room so much -- but put ourselves in our position, is  
22 if you are having a broad number out there, and if  
23 one were to argue, well, you know, if you are going  
24 to do this, reduce your capital budget by exactly  
25 that amount.

26 Exactly what is that amount? What are we  
27 arguing about? How much is that? What should it be  
28 from? I don't know because I don't know a number.

1 Maybe you will know a number. Maybe everybody in the  
2 room will know a number, but none of the ratepayers  
3 will know that number.

4 You know, and it seems to us just the timing of  
5 this is purposeful, and it is using ICM policies and  
6 ACM policies like there is some legal concept out  
7 there. There is not anything that is legal about  
8 them. They are policies. Maybe no Commissioner on  
9 this panel has even been part of making those  
10 policies. They are policies of the Board. They are  
11 there for the interest of ratepayers, not for the  
12 interest of this utility and its shareholder. They  
13 are there, just like the regulator, to protect  
14 consumers.

15 You don't regulate to protect utilities. That  
16 is why they are monopolies. That is why we are  
17 regulating them. They are monopolies. And it just -  
18 - it puts us in a very awkward position, and I would  
19 just like to reiterate, I mean, I feel like we are  
20 the ratepayer.

21 We are, like, blind. We are just sitting here  
22 blind. And it seems to be everybody is, oh, it is --  
23 that's too bad, you know, let's get on with business.  
24 I go, well, I thought the business was justice to the  
25 ratepayer.

26 L. MURRAY: Commissioner, it is OEB staff. We  
27 don't take any position, but we do want to make two  
28 observations.

1           The first observation we want to make is, I  
2 think hearing all the parties, it is clear that to  
3 the extent this was to proceed today, the fact that  
4 the number wouldn't be public would significantly  
5 complicate the proceeding in terms of having to go in  
6 camera, out of camera, separate transcripts,  
7 potentially separate undertakings. So it would  
8 complicate the proceeding.

9           And the second thing we point out, and it may be  
10 something that is ultimately addressed in the motion  
11 to review, is I understand that the Applicant will  
12 file certain evidence in support of their position  
13 that it shouldn't be made public as part of this  
14 motion to review.

15           And all I would observe is it is unfortunate  
16 that information wasn't filed as part of the original  
17 request. It would have been better if it was so the  
18 original panel could have considered all that  
19 evidence, and as a result, we are in the position we  
20 are.

21           So those are the two observations staff has.

22           J. VELLONE: Can I address the second point,  
23 please. I don't think -- the construction manager  
24 wasn't selected at the end of July when we made the  
25 confidentiality filing, so we didn't know who the  
26 construction manager would be, and we certainly  
27 couldn't be tapping them for information about the  
28 impact on the procurement. Let's be clear.

1 COMMISSIONER MORAN: Thank you, Mr. Vellone.

2 Any other submissions before we adjourn?

3 J. SHEPHERD: Commissioners, I just note that I  
4 have not yet made my submissions on the motion to  
5 adjourn. Everybody has talked a little bit about  
6 adjournment, but I still have not made my  
7 submissions. And whether you want to retire first  
8 and talk about things, and then come back and hear,  
9 that is one thing. But if you are going to go away  
10 and think about the broader question, I would like to  
11 be able to make my submissions.

12 COMMISSIONER MORAN: I am sorry. I didn't catch  
13 the last part.

14 J. SHEPHERD: Sorry. I would like to be able to  
15 make my submissions on the motion to adjourn before  
16 you make the broader -- decide the broader issue of  
17 whether we proceed today.

18 COMMISSIONER MORAN: Okay. No, I understand. I  
19 think we are going to adjourn to consider the  
20 substantive question first, and then you will have an  
21 opportunity to address your request for adjournment.  
22 Thank you very much.

23 We will be -- we will use Mr. Murray to let you  
24 know when we are ready to come back in.

25 --- Recess taken at 10:30 a.m.

26 --- Upon resuming at 11:03 a.m.

27 COMMISSIONER MORAN: All right. Thank you for  
28 your patience. So recognizing all of the submissions

1 that we heard about the concern for transparency,  
2 balancing against the concern about potential impacts  
3 on the procurement process, we do note that the  
4 original request for confidential treatment wasn't  
5 really supported by anything more than an assertion.

6 And we understand that there is some intention  
7 now to bring forward a motion with further and more -  
8 - with actual evidence about what that harm might  
9 look like. And recognizing that, we think that there  
10 are two options available to us at this point in  
11 terms of how we proceed.

12 The first option is that the number goes on the  
13 record, the public record, today, and we get on with  
14 the hearing, and we can proceed that way. The second  
15 option is that we can adjourn until the number  
16 becomes public. So I guess we want to hear from  
17 Oshawa about those two options.

18 I think that the two options reflect the kind of  
19 balance that has to be struck here and -- because it  
20 is important that the record is transparent and that  
21 people have an opportunity to understand what is  
22 actually at issue and how does that balance against  
23 some of the confidentiality concerns.

24 So we will turn to you first, Mr. Vellone. And  
25 let me just ask you this question. Two options that  
26 you haven't had a chance to talk to your client. I  
27 am assuming that you will probably want to take a  
28 little recess at this point and consult with them, so

1 we are happy to do that. But we will hear from you  
2 first, and then we will hear from submissions from  
3 the intervenors.

4 L. MURRAY: All rise.

5 --- Recess taken at 11:05 a.m.

6 --- Upon resuming at 11:19 a.m.

7 COMMISSIONER MORAN: Mr. Vellone.

8 J. VELLONE: Thank you, Commissioner Moran. We  
9 are appreciative of the difficult decision the  
10 Commissioners had to make. Frankly, we didn't have  
11 much of a choice in the decision that you put to us.  
12 We would like to proceed with the hearing over the  
13 next three days.

14 That means the Applicant will be putting the  
15 number on the public record under advisement. We are  
16 going to be stating our concerns, and we will see if  
17 those concerns come to light or not once those  
18 procurements are done, and it can be addressed in the  
19 next ICM application.

20 COMMISSIONER MORAN: Thank you for that, Mr.  
21 Vellone. Any other concerns or comments that we need  
22 to address at this point?

23 J. SHEPHERD: I would be remiss not to ask, is  
24 the appeal going ahead even though it is moot?

25 COMMISSIONER MORAN: Well, perhaps you can raise  
26 that with Mr. Vellone --

27 J. SHEPHERD: Thanks.

28 COMMISSIONER MORAN: -- off the record. Thanks.

1           So over to you, Mr. Vellone. I understand that  
2 you have got a presentation -- or Mr. Boyle. An  
3 introductory presentation by your witnesses before we  
4 hear opening statements from the intervenors. So --

5           C. BOYLE: Thank you Mr. Moran -- or  
6 Commissioner Moran.

7           As a matter of housekeeping, we will just be  
8 referring to interrogatories, as a matter of format,  
9 of "Exhibit No. X" and IR number. Just the -- some  
10 of the IRs can be a little unwieldy if we are  
11 referring to all the parties in those. But if it --  
12 if any of the parties object to that, we are happy to  
13 adjust that accordingly.

14           So here on behalf of Oshawa Power today, I will  
15 start on the left side here. We have Ms. Lori  
16 Fillion. She is the manager of regulatory affairs and  
17 strategy. And next to her is Ms. Valerie Bennett,  
18 who is the director of regulatory and commercial  
19 affairs and next to her is Ms. Amanda Tang, who is  
20 the chief financial officer of Oshawa Power.

21           And then behind, starting on the left side  
22 again, is Mr. Maged Yackoub, chief technology officer  
23 and director of business transformation. And next to  
24 Mr. Yackoub is Mike Weatherbee, managing director.  
25 And finally, next to Mr. Weatherbee is Aiyappa  
26 Ganapathy, and he is the manager of distribution  
27 design and system planning.

28           The witnesses are available for their oath,

1 Commissioner Moran.

2 COMMISSIONER MORAN: Commissioner Dodds.

3 COMMISSIONER DODDS: I will come over closer to  
4 the microphone over here. The Commissioner's  
5 microphone is picking it up?

6 Valerie Bennett, Mike Weatherbee, Amanda Tang,  
7 Maged Yackoub, Lori Filion, Aiyappa Ganapathy, you  
8 are about to give evidence on this hearing. This  
9 panel is dependent on your telling of the truth, and  
10 the law requires you to do so. Therefore, before you  
11 testify, I must ask you this: Do you solemnly  
12 promise the panel that you will tell the truth, the  
13 whole truth, and nothing but the truth?

14 Could you please respond by -- in the order I  
15 said.

16 Valerie?

17 V. BENNETT: Yes.

18 COMMISSIONER DODDS: Mike?

19 M. WEATHERBEE: Yes.

20 COMMISSIONER DODDS: Amanda?

21 A. TANG: Yes.

22 COMMISSIONER DODDS: Maged?

23 M. YACKOUB: Yes.

24 COMMISSIONER DODDS: Lori?

25 L. FILION: Yes.

26 COMMISSIONER DODDS: Aiyappa?

27 A. GANAPATHY: Yes.

28 COMMISSIONER DODDS: Thank you.

1           And do you understand that breaking the promise  
2 would be an offence under our law?

3           Could I you have say once again, Valerie?

4           V. BENNETT: Yes.

5           COMMISSIONER DODDS: Mike?

6           M. WEATHERBEE: Yes.

7           COMMISSIONER DODDS: Amanda?

8           A. TANG: Yes.

9           COMMISSIONER DODDS: Maged?

10          M. YACKOUB: Yes.

11          COMMISSIONER DODDS: Lori?

12          L. FILION: Yes.

13          COMMISSIONER DODDS: Aiyappa?

14          A. GANAPATHY: Yes.

15          COMMISSIONER DODDS: Thank you.

16          **SWORN: VALERIE BENNETT**

17          **SWORN: MIKE WEATHERBEE**

18          **SWORN: AMANDA TANG**

19          **SWORN: MAGED YACKOUB**

20          **SWORN: LORI FILION**

21          **SWORN: AIYAPPA GANAPATHY**

22          C. BOYLE: Thank you, Commissioner Dodds.

23          The CVs for each of the witnesses were  
24 distributed in advance. I don't think we need to  
25 mark that as an exhibit, but I will ask each witness  
26 to briefly introduce themselves to serve as a sound  
27 check. And starting with Ms. Filion on the left.

28          L. FILION: Good morning Mr. Chair,

1 Commissioners. My name is Lori Filion. I am the  
2 manager of regulatory affairs and strategy at Oshawa  
3 Power. I have been in this position since 2021,  
4 which is the year I joined Oshawa Power. I am a  
5 chartered professional accountant with 20 years of  
6 experience in the industry in various roles related  
7 to regulatory accounting, financial planning, and  
8 analysis.

9 As the manager of regulatory affairs and  
10 strategy, I was responsible for rate base, working  
11 capital, regulatory, and deferral and variance  
12 account aspects of the application.

13 V. BENNETT: Good morning, Mr. Chair and  
14 Commissioners. My name is Valerie Bennett, and I am  
15 the director of regulatory and commercial affairs at  
16 Oshawa Power. I have been in this role since 2024  
17 when I joined the organization.

18 I am a professional engineer and have 17 years  
19 experience in the energy sector in government,  
20 consulting, and eight years within the OEB's  
21 applications department. As the regulatory director,  
22 my role was to oversee and ultimately be responsible  
23 for the application.

24 A. TANG: Good morning, Mr. Chair,  
25 Commissioners. My name is Amanda Tang, and I am the  
26 chief financial officer at Oshawa Power. I joined  
27 the organization in April 2025. Prior to Oshawa  
28 Power, I have worked in other highly regulated

1 industries, financial sector, and public accounting,  
2 with a focus on financial and operational performance  
3 measurements, governance, and risk management.

4 And at Oshawa, in addition to finance, I also  
5 oversee the procurement portfolio. I am a chartered  
6 professional accountant, educated and trained in  
7 Canada, and I hold dual degrees in master of law and  
8 accounting.

9 M. YACKOUB: Good morning, Mr. Chair,  
10 Commissioners. My name is Maged Yackoub, and I am  
11 the chief technology officer and director of business  
12 transformation at Oshawa Power. I am a professional  
13 engineer as well in the field of computer  
14 engineering. And in my over 20 years of experience  
15 in utilities, I have both done and led roles,  
16 including OMS, GIS, control room, IT, OT, innovation,  
17 and now as an executive.

18 In my current role, I oversee, generally,  
19 technology at Oshawa Power, data security, the  
20 project management office, and as of this year,  
21 customer service and meter to cash just because of  
22 the technology changes there. Thank you.

23 M. WEATHERBEE: Good morning, Mr. Chair and  
24 Commissioners. My name is Mike Weatherbee. I am the  
25 managing director at Oshawa Power. I have been in  
26 this position since 2023. Within this role, I  
27 overseeing engineering, operations, safety fleet, and  
28 facilities.

1 I have been in the utility industry for 35  
2 years, holding positions ranging from lineperson to  
3 substation technician to engineering technician and a  
4 control room operator, as well as the manager of the  
5 system control centre.

6 I have been with Oshawa Power since 2019,  
7 serving as the manager of distribution construction  
8 and the director of engineering and operations.  
9 Within my role as managing director, I was  
10 responsible for oversight of the capital aspects of  
11 this application.

12 A. GANAPATHY: Good morning, Mr. Chair,  
13 Commissioners. My name is Aiyappa Devanira  
14 Ganapathy. I am the manager of distribution design  
15 and system planning of Oshawa Power. I have been in  
16 this position since 2024. I hold a bachelor's  
17 honours degree in electrical engineering. I am a  
18 professional engineer registered with the  
19 Professional Engineers of Ontario. I have 5-plus  
20 years experience ranging from an engineering  
21 technologist to an EIT, and now the manager.

22 As the manager of distribution design and system  
23 planning, I was the responsible for the formulation  
24 of the DSP and supporting studies with specific focus  
25 on distribution system-related initiatives.

26 C. BOYLE: Thank you. Now, to all the  
27 witnesses, was the application, interrogatory  
28 responses, and any updates to the evidence prepared

1 by you and under your supervision? And I will start  
2 with Ms. Filion on the left.

3 L. FILION: Yes.

4 V. BENNETT: Yes.

5 A. TANG: Yes.

6 M. YACKOUB: Yes.

7 M. WEATHERBEE: Yes.

8 A. GANAPATHY: Yes.

9 C. BOYLE: And do you adopt this evidence as  
10 your own in this proceeding? Ms. Filion?

11 L. FILION: Yes.

12 V. BENNETT: Yes.

13 A. TANG: Yes.

14 M. YACKOUB: Yes.

15 M. WEATHERBEE: Yes.

16 A. GANAPATHY: Yes.

17 C. BOYLE: And are there any corrections to the  
18 evidence today?

19 L. FILION: Yes, there are three corrections we  
20 would like to highlight. The updated appendix 2AA  
21 included in the interrogatory responses identified a  
22 duplicate cost for CRM software in 2025, resulting in  
23 a \$50,000 reduction in in-service additions in that  
24 year.

25 However, the formula was not adjusted to  
26 reflected to this revision, and updates to the  
27 appendices will reflect this correction in 2025 in-  
28 service addition.

1           Second, following the deployment of a new phone  
2 system, it was discovered that the previous end of  
3 life system incorrectly recorded incoming call  
4 volumes. Consequently, the actual call volumes for  
5 2024 were significantly higher than reported in the  
6 reporting and recordkeeping requirements, RRRs, but  
7 were accurately captured in the application. A  
8 revision to Oshawa Power's RRRs is planned to correct  
9 the call volume and call handle time metrics.

10           The third notable correction is to shared  
11 services costs related to short-term staffing,  
12 supporting the implementation and stabilization of  
13 the new CIS were inadvertently omitted from the 2025  
14 shared services table.

15           The cost of these two shared services to Oshawa  
16 Power from its affiliate 2825407 Ontario Inc. were  
17 250,000 for CIS implementation and 100,000 for short-  
18 term billing services in 2025, with these costs based  
19 on the fully allocated cost of affiliate staff time.

20           As these were short-term services in 2025 only,  
21 there are no changes to the 2026 shared services  
22 table as a competitive bidding process is planned for  
23 billing services in 2026. There are also no  
24 revisions required to the updated 2025 bridge year  
25 forecast in the interrogatory responses because these  
26 costs have been captured there as subcontractor  
27 costs.

28           C. BOYLE: Thank you. I will note that those

1 changes are summarized in the hearing of opening  
2 remarks that were filed on October 25th.

3 Mr. Murray, I don't know if this was on the  
4 hearing record, so did we want to mark that letter as  
5 an exhibit? And Mr. Vellone had circulated that in  
6 advance as a paper copy.

7 L. MURRAY: Why don't we mark it as an exhibit  
8 to be sure. That will be Exhibit K1.1.

9 **EXHIBIT K1.1: LETTER REGARDING CORRECTIONS TO**  
10 **EVIDENCE**

11 C. BOYLE: In connection with that letter, the  
12 witnesses have prepared an opening statement for the  
13 Commissioners. So I will hand it over to Ms.  
14 Bennett, who I believe will be speaking to you first.

15 V. BENNETT: Thank you, Mr. Boyle.

16 Mr. Chair, Commissioners, everyone attending  
17 today, thanks for your time to consider the success  
18 and future of Oshawa Power. Oshawa Power has been  
19 operating as a very lean organization. This is  
20 objectively true.

21 As shown in our benchmarks included in Exhibit 1  
22 in our application, in 2023, Oshawa Power had the  
23 lowest operating cost per customer when compared to  
24 other LDCs of similar cohort status, size, and  
25 geography.

26 But Oshawa Power is lean in a very human sense  
27 as validated in the resource optimization review that  
28 was prepared by Ms. Galli and filed in Exhibit 4 of

1 our application.

2 The benchmarks and analysis in that study showed  
3 that Oshawa Power's structure was too lean for the  
4 size and scope of the business, and this could result  
5 in the inability to meet targets and execute our  
6 strategic plan.

7 The study found that Oshawa Power served the  
8 most customers per full-time equivalent when compared  
9 to medium-sized LDCs, and it had among the top ten  
10 highest number of customers served for full-time  
11 equivalent when compared to all Ontario LDCs.

12 But Oshawa Power is facing the same pressures as  
13 these other organizations, to meet customer demand,  
14 modernize, and address a rapidly evolving policy and  
15 regulatory environment. So what this means is Oshawa  
16 Power staff is having to do more with less, and this  
17 is driving a remarkably high turnover rate; on  
18 average, 15 per cent each year as shown in our  
19 response to interrogatory 4-X-139.

20 Difficulty attracting and retaining staff is  
21 further amplified by having Ontario Power Generation  
22 move its headquarters to Oshawa. If this trend were  
23 to continue uncorrected, we would see a 75 percent  
24 turnover in staff by the next rebasing application.  
25 This is simply unsustainable.

26 To address these challenges, in 2023, Oshawa  
27 Power established a new senior management team with a  
28 renewed focus on business transformation. Since I

1 joined Oshawa Power in April 2024, I have observed a  
2 team with diverse skill sets working diligently to  
3 modernize the LDC while continuing to meet customer  
4 demand and regulatory requirements.

5 As we described in Exhibit 1, this included  
6 development of a new strategic plan and business  
7 plan, including a commitment to controlling cost for  
8 reasonable rates, an overall haul of our conditions  
9 of service document because it had not been updated  
10 in 21 years, implementation of Dayforce software to  
11 improve staff time tracking and cost categorization.

12 In Exhibit 4, we explained how this also  
13 included negotiation of a new collective bargaining  
14 agreement for our unionized staff, enhanced efforts  
15 to collect outstanding customer arrears to curb the  
16 growth of bad debt while ensuring our customers  
17 facing financial hardship have access to programs  
18 that help them with their bills.

19 And in Exhibit 2, we explained how this also  
20 included the development of a plan for non-wire  
21 solutions, which we see as an effective way to reduce  
22 infrastructure costs to meet future customer demand,  
23 whether it be to power new housing developments or  
24 welcome new energy intensive employers to Oshawa.

25 And -- and as we have discussed already today,  
26 because our shareholder requires us to vacate our  
27 current headquarters, where we have been for the last  
28 93 years, in 2024, we also made plans for our new

1 consolidated administrative and operational facility.

2 As discussed, the costs associated with this  
3 facility are not included in the application, and we  
4 will file a separate incremental capital module once  
5 the costs timelines are more certain.

6 In addition, we prepared this cost of service  
7 application. As a staff team with no experience from  
8 the previous rebasing, all six of us are first time  
9 witnesses.

10 All of this work led to significant overtime as  
11 employees each managed multiple high-priority  
12 projects. Employees who left cited burnout in their  
13 exit interviews. This level of productivity also led  
14 our return on equity to drop below the OEB's deadband  
15 to 4.7 percent in 2024, with similar or worse results  
16 expected for 2025.

17 It is within this context that Oshawa Power is  
18 requesting a 25 percent increase to our revenue  
19 requirement in 2026 to \$38.5 million. We recognize  
20 that this is a substantial increase, and we are not  
21 putting it forward lightly. It is the result of  
22 careful planning of our capital and operating  
23 expenses that my colleagues will discuss in more  
24 detail.

25 Despite the size of the increase, Oshawa Power  
26 plans to remain within cohort 2 of the OEB's total  
27 cost benchmarking performance assessment. That is,  
28 Oshawa Power will continue to perform 16 percent more

1 cost effectively than predicted by the OEB in 2026  
2 after taking into account this increase.

3 To sum up, approval of our application will  
4 allow Oshawa Power to sustainably continue  
5 modernizing so that we can meet customer demand and  
6 regulatory requirements in 2026 and beyond.

7 M. YACKOUB: Thank you, Ms. Bennett.

8 I would like to take a moment to speak a little  
9 bit about the business transformation program that  
10 Ms. Bennett mentioned that is outlined in Exhibit 4,  
11 attachment 1-4. A large part of which is meant to  
12 address one of our top organizational risks as could  
13 be seen on the risk register that we submitted, which  
14 is that we are frankly too lean.

15 This is not just corroborated by internal  
16 sentiment, but also by the staffing study that Ms.  
17 Bennett mentioned and by the high turnover rates that  
18 she also mentioned.

19 And so the aim of the business transformation  
20 program is to create capacity in the organization --  
21 oh, can you hear me now? Apologies. Is that better?  
22 Okay. Sorry about that.

23 So the aim of the business transformation  
24 program is to create capacity through digitization,  
25 modernization, and automation. We are using three  
26 large projects that are disruptive to the  
27 organization in order to achieve that.

28 And those three projects are the ERP, the

1 software that we have to implement because our  
2 current financial software will be out of support  
3 shortly; the second one is the CIS, which was  
4 approved in the previous cost of service application,  
5 that is the customer information system; and the  
6 third is the paperless field initiative where we aim  
7 to replace inefficient and error-prone paper-based  
8 processes with more digital and automated means.

9 So using these three projects as a foundation  
10 for business transformation will allow us to perform  
11 full business process analysis documentation and  
12 optimization almost wholistically across the  
13 organization and really rebuild the way that we do  
14 business, with an eye on modernization and automation  
15 and efficiency.

16 The proposed staff that we have put in this  
17 application are those that we know we will need to do  
18 business moving forward with these changes.

19 Closely related to the business transformation  
20 efforts are those around maintaining our technology  
21 and modernizing it. You will notice technology  
22 average capital spend decreases by about \$100,000 per  
23 year in the period when comparing '21 to '25 with '26  
24 to '30, not including the CIS project in 2025.

25 Opex, however, is increasing from an approved  
26 750,000 in 2021 and a spend of 1.1 million in '21 to  
27 1.9 million in 2026. More than a third of this  
28 increase is not new spend, but just reallocation of

1 software costs from other departments as we sought to  
2 consolidate IT spend to better control it and have  
3 visibility on it.

4 Another contributor to this increase is the  
5 additional of 7.3 FTEs from 2021 to 2026, five of  
6 whom have already been hired in '23 and '24, and 2.3  
7 of whom will be hired in 2026. We have outlined  
8 these positions in IR 4-X-135, but in summary, these  
9 are the positions we simply need to run the  
10 organization effectively.

11 So on top of labour, some of the increase as  
12 well is in software spending, much of it to put in  
13 the cybersecurity controls as outlined in the OEB  
14 cybersecurity framework. And some of it also is just  
15 to cover the shift, the industry shift, from capital  
16 software to subscription-based software licensing.

17 So in the past four years, we have upgraded our  
18 financial software twice to -- it was -- had security  
19 issues. We have upgraded our SCADA multiple times --  
20 we have changed our outage management system to save  
21 opex, and we have integrated it with SCADA and GIS,  
22 and added customer outage notifications that many  
23 utilities have had for years.

24 We have upgraded our GIS so that we could  
25 provide digital maps to the field instead of the  
26 paper maps. As mentioned by Ms. Fillion, we have  
27 upgraded a then out-of-support phone system in --  
28 this was last year.

1           We have upgraded our then out-of-support meter  
2 data management system which hadn't been upgraded for  
3 12 years. We have moved to a new customer portal to  
4 support Green Button. We have upgraded most of our  
5 networking equipment, almost all of which was out of  
6 support at the time of upgrade, and almost all of our  
7 server equipment, all of which was out of support at  
8 the time of upgrade.

9           And we have changed our billing system, added  
10 time sheeting software, and we will have implemented  
11 all of the recommended cybersecurity controls at the  
12 minimum maturity level by the end of this year.

13           And I say all this to illustrate that the  
14 increase in labour and software spending will have  
15 brought an overly lean technology group that was  
16 struggling just to update out-of-date software and  
17 hardware up to the levels that are required for an  
18 organization of our size and comparable to other  
19 utilities that we have spoken to.

20           And so our proposal here is to hire where we  
21 have to, and to use automation and digitization to  
22 gain capacity where we can, and that is what the two  
23 programs, business transformation and technology, are  
24 about.

25           M. WEATHERBEE: Thank you, Mr. Yackoub.

26           Good morning again, Chair and Commissioners. As  
27 I mentioned in my introduction, I have been with  
28 Oshawa Power only since 2019. During the short

1 tenure, I have seen enormous changes in our  
2 organization.

3 In the last few years, we have made significant  
4 strides in all areas of the company, most notably in  
5 capital planning, asset management, and operational  
6 and maintenance efficiencies.

7 It is no longer business as usual at Oshawa  
8 Power. We have changed, and we will continue to  
9 change to meet the needs of our system and our  
10 customers.

11 Being in the industry for 35 years, I can  
12 honestly state that I have seen many distribution  
13 systems, and I can state that we at Oshawa Power have  
14 one of the strongest and most effective distribution  
15 systems I have seen. I am proud of the work that we  
16 have done over the past years, and I am also proud of  
17 our SAIDI and SAIFI numbers; however, in order to  
18 maintain those -- it is critical that we continue to  
19 rehabilitate the system, increase capacity, and  
20 expand to meet the needs of our existing and our  
21 future customers.

22 This is why we have prepared a robust, yet cost  
23 effective, distribution system plan as seen in  
24 section 2.1 of the Exhibit 2 in this application.

25 Our overall capital plan has an increase of 16  
26 percent, of which 40 percent is directed to the  
27 system access category, a category that is  
28 essentially out of our control, yet will increase and

1 allow for those future customer connections. This  
2 DSP has been prepared with pacing, prudence,  
3 reliability, safety, and customer focus at the  
4 forefront.

5 We leveraged our improved asset management  
6 strategy that ensures a continual and consistent  
7 focus on delivering services that balance both risk  
8 and long-term costs. We combine that with an asset  
9 condition assessment and a prioritization methodology  
10 which helped us further prioritize projects within  
11 the forecast period.

12 Those results, combined with internal knowledge  
13 of our system and the needs identified through  
14 external coordination, fed directly into our planning  
15 process. This complete strategy and process provides  
16 us with a capital program that is risk-based and  
17 prioritized, yet still positions us to adapt to any  
18 uncertainties.

19 I do want to note that we were asked, as we have  
20 seen, about the impact of our new facility in our  
21 capital plan. In 2024, our finance team worked with  
22 my team to identify annual capital envelopes that the  
23 organization could manage as it balanced the  
24 investment in this new facility.

25 We then reviewed and prioritized all projects to  
26 ensure that all mandatory, critical, and vital  
27 equipment projects could fit within that envelope.  
28 The envelopes can be -- considered can be seen in

1 attachment 211 of the Exhibit 2 interrogatory  
2 responses where management recommended an annual  
3 capital envelope to balance both financial and  
4 operational risks.

5 In addition to deferring non-critical items  
6 identified in the ACA, investment in a new municipal  
7 station in the Columbus area was also deferred to the  
8 next DSP. Deferral of this station allows us to  
9 optimize our existing capacity to support the growth  
10 of that Columbus community.

11 In closing, I want to reiterate the fact that  
12 even with the rate increase requested, Oshawa Power  
13 will still remain a group 2 utility. We will  
14 continue to remain more efficient than the majority  
15 of the utilities in Ontario.

16 To that end, we are confident that the plan that  
17 we have put forward balances both risk and cost over  
18 the next five-year period, so we are able to provide  
19 reliable and safe electricity to our customers.  
20 Thank you.

21 A. TANG: Thank you, Mr. Weatherbee.

22 Oshawa Power, under the new management team, has  
23 uncovered a lot of risk within all facets of the  
24 organization, but risk management is not easy. It  
25 requires a strategic mindset, capability to execute,  
26 and a willingness to change. Everything Oshawa Power  
27 and team has done demonstrate these elements.

28 For example, the team has adopted a very

1 disciplined approach in maximizing all the benefits  
2 with very limited resources, as you can see in some  
3 of the automation projects that we have highlighted  
4 in interrogatory 4-146.

5 In addition, the team has very deliberately  
6 invested in areas that will impact the long-term  
7 success of the organization. Some of the risks have  
8 been dealt with, but the risks remain long, as you  
9 can see in the risk register that we filed.

10 Similar to the DSP approach that we have taken,  
11 the majority of the OM&A ask reside on areas that are  
12 high risk and critical for the organization including  
13 labour management, asset management, bad debt  
14 management, last but not least, technology, as Mr.  
15 Yackoub has described.

16 These are prudent spends as we navigate known  
17 risk and macroeconomic conditions similar to our  
18 customers while we maintain service level and prepare  
19 for uncertainties.

20 These decisions stamped our application. The  
21 OM&A ask from Oshawa Power in this application is  
22 22.3 million, which is 6.5 million higher than the  
23 OM&A level in the 2025 rates, as you can see in table  
24 6-5 in Exhibit 6.

25 The increase will enable Oshawa Power to  
26 continue to meet our customers' demands, as you -- as  
27 we can see in the survey results in Exhibit 1,  
28 attachment 1-8 to 1-11, to allow us to continue to

1 meet OEB and performance standards and ROE and to  
2 stay viable as an organization, all within a  
3 reasonable risk that management is comfortable to  
4 operate within.

5 We are aware that there -- the adoption of a  
6 formulaic approach to assess the reasonableness of an  
7 OM&A ask from an applicant. However, in our view,  
8 rigid adherence to this formula is not representative  
9 for a rebasing year and especially for Oshawa Power.  
10 As you could hear from Mr. Weatherbee, Oshawa Power  
11 is no longer business as usual.

12 We respectfully ask the Commissioners to  
13 consider some of the adjustments that I will be  
14 highlighting if such tool is to be used.

15 First, we ask that 2023 be the base year when  
16 applying the formula because COVID years, namely 2020  
17 to 2022, are not representative. We also ask that  
18 adjustments relating to cost to run the business and  
19 costs that are out of management control be  
20 considered.

21 For example, incremental cybersecurity and  
22 technology infrastructure cost, as we have  
23 highlighted in interrogatory 4-X-135, some of the  
24 efforts that are required to do that. Asset  
25 protection and maintenance program including some of  
26 the costs that we have incurred to protect us from  
27 copper theft, as identified in interrogatory 4-X-118.

28 Other costs including OEB -- OEB regulatory fees

1 and increased insurance cost, which is directly  
2 impacted by the growth of our asset base. Record  
3 level bad debt and incremental labour cost that we  
4 have incurred for new positions that are in line with  
5 our strategy and the long-term success of the  
6 organization as well as to bring our compensation to  
7 the industry averages, as we have highlighted in our  
8 interrogatory 4-X-154.

9 In summary, Oshawa Power is -- it is going  
10 through a transition, and we believe that our  
11 strategy will allow us to continue to deliver  
12 electricity that our customers can count on while we  
13 manage the pressures from new infrastructure, new  
14 technologies, and demand growth. Thank you.

15 C. BOYLE: Thank you, everybody.

16 Commissioners, the witnesses are now available  
17 for cross-examination. I do note it is five minutes  
18 to 12, but I will -- we are in your hands so...

19 COMMISSIONER MORAN: Thank you, Mr. Boyle.

20 I think the next order of business is just quick  
21 opening statements from intervenors, and then we will  
22 take the lunch break.

23 Who would like to lead off first? Mr. Gluck?

24 J. SHEPHERD: Go ahead, Lawrie.

25 **OPENING REMARKS BY L. GLUCK**

26 L. GLUCK: Good morning. My name is Lawrie  
27 Gluck, and I have a few brief opening remarks on  
28 behalf of the Consumers Council of Canada. The

1 Consumers Council of Canada has very significant  
2 concerns with Oshawa Power's 2026 rate application.

3 The rate impacts resulting from the current  
4 application are extremely high, and there is a known  
5 proposal to further increase rates beginning in 2027  
6 related to Oshawa Power's new head office.

7 For 2026, Oshawa Power is seeking to increase  
8 the residential service charge by \$5.90 a month. For  
9 2027, Oshawa Power is seeking to recover an  
10 additional \$4.45 a month from residential customers.

11 Based on these proposals, residential customers  
12 will see their bill increase by over \$10 a month or  
13 \$120 per year, which amounts to an increase of 35  
14 percent over two years.

15 And once you consider the impact of the price  
16 cap index to the end of 2030, residential customer --  
17 residential customers will see bill impacts of around  
18 45 percent over five years using a conservative  
19 estimate of 2 percent for the IRM adjustment.

20 So those are the financial implications to  
21 consumers of the proposals made in the application  
22 and the known request for ICM funding that the  
23 company plans to make in the coming year.

24 In the context of these extremely large rate  
25 impacts, one might expect that the company would make  
26 all efforts to plan its capital and operational  
27 spending in a manner that balances the need for  
28 affordability and the operation of the system.

1           In our view, Oshawa Power's plan does not  
2 accomplish this balance. The company did not  
3 appropriately consider the impact of the new head  
4 office on rates and seek real and meaningful ways to  
5 reduce or otherwise defer capital spending.

6           We have specific concerns with the pace of  
7 capital spending during the forecast period, the  
8 budgets for third-party relocations and expansion  
9 projects, the budgets for proactive replacement  
10 programs relative to the actual need for  
11 replacements, and the proposed information technology  
12 capital spending.

13           With respect to the operational plan, we have  
14 specific concerns with the proposal to hire an  
15 incremental 10 FTEs relative to 2025, the level of  
16 compensation including incentive pay for certain  
17 categories of employees, the customer billing and  
18 collection budget, and IT operational spending.

19           Overall, the proposal set out in Oshawa Power's  
20 application are not reflective of prudent planning  
21 and will not result in an outcome that is in the best  
22 interest of consumers. Thank you.

23           COMMISSIONER MORAN: Thank you, Mr. Gluck.

24           Mr. Shepherd.

25           **OPENING REMARKS BY J. SHEPHERD**

26           J. SHEPHERD: You probably heard enough from me  
27 already, so I will be brief.

28           I told my clients, the affected school boards,

1 that this application along with what is coming would  
2 cost them \$1.2 million. They -- their first question  
3 was, did I calculate it correctly, because they  
4 thought that was ridiculous. But when I reminded  
5 them that this is \$1.2 million just for distribution,  
6 but then transmission and OPG and all that other  
7 stuff is coming, and they can't afford it.

8 And, in fact -- I am using the schools as an  
9 example -- none of the customers in Oshawa can afford  
10 this massive increase in rates. It is nice to  
11 transform a business, but you can't do everything.  
12 You can't spend everything that you want to spend  
13 when it is not your money. And that is what this  
14 hearing is all about.

15 Those are our submissions.

16 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

17 Mr. Garner.

18 M. GARNER: Thank you. I might cede to my  
19 friend for a minute because I would like someone, if  
20 they could, to bring up my compendium. I would like  
21 to use it in my opening remarks, and I don't want to  
22 delay any time. If someone could queue that up, and  
23 I would let Mr. Ladanyi take my place right now.

24 T. LADANYI: Should I start now? I think Mr.  
25 Garner has ceded his time to me.

26 COMMISSIONER MORAN: I think your compendium is  
27 up, Mr. Garner.

28 **OPENING REMARKS BY M. GARNER**

1 M. GARNER: Oh, I forgot. Okay. Thank you.  
2 Well, it was so quick, I didn't have to do that.  
3 Thank you, and thank you to my friends at Oshawa.

4 The reason I just bring it up is I just want to  
5 show some of this. I want, first of all, to thank  
6 you, the Commissioners, for being here in person. I  
7 think it is very important because over the next few  
8 days, you are going to hear a story about a growing  
9 community, Oshawa. It is a growing community. We  
10 cede that.

11 And since it's last set its rates on a cost  
12 service basis, as I calculate it, they have had a  
13 customer growth in residence of about 6.5 percent.  
14 And, you know, so we understand some of the  
15 challenges and the growth of this utility, but VECC  
16 is here to protect the interests of residential  
17 consumers and especially those of limited income.

18 And why I want you to bring up the compendium,  
19 if you could just look and bring up the map that is  
20 on page PDF 3 of that, that is a map from Stats  
21 Canada --

22 J. VELLONE: Apologies, Mr. Garner. Should we  
23 mark this as an exhibit just to get it on the record?

24 COMMISSIONER MORAN: I was going to ask the  
25 question.

26 M. GARNER: That's fine. I thought we might do  
27 it when I do my cross, but that's fine. However the  
28 Board would like to --

1 L. MURRAY: Let's mark it now, just so people  
2 don't have to sit for the exhibit number later. That  
3 will be exhibit -- so that compendium will be Exhibit  
4 K1.2.

5 **EXHIBIT K1.2: MR. GARNER'S COMPENDIUM**

6 M. GARNER: Thank you very much.

7 And the only reason I bring this up is I want to  
8 show that, you know, this community does have its  
9 other issues, its poverty, and it isn't just grey  
10 spaces on a map. These are people who are challenged  
11 inside of especially the old parts of Oshawa.

12 And if you don't believe me, and I thank, again,  
13 my friends in Oshawa, at tab 7, they themselves have  
14 pointed out that Oshawa residents face some of the  
15 highest energy cost burden rates in the country. And  
16 that is true.

17 But I would also like to thank them for pointing  
18 this out: That only 11 percent of arrears management  
19 program customers are flagged as low income. That  
20 means my clients, the clients I represent, they pay  
21 their pills, and they pay them even in hardship. And  
22 so the amount of their bill they have to pay, and as  
23 you heard my friend Mr. Gluck talk about, is a lot.

24 And it is up to you, it seems to us, to really  
25 reason with that, and we share all of the concerns  
26 that my friends at CCC have talked about. What we  
27 want you to look at is there is an installation of a  
28 new management team and a new direction, and, quite

1 frankly, we at VECC have seen this before in other  
2 utilities. A new team, a new younger team comes in  
3 with lots of great ideas but not a lot of constraint.

4 And so we are going to ask about -- you to look  
5 at that, about the proliferation of management, quite  
6 frankly, not boots on the ground, not the things that  
7 we think and you may think are really important, the  
8 things that are getting you reliable service, the  
9 people out in the field doing the things, but the  
10 things that we wonder about whether their priorities  
11 are there, are in the right -- in the right place,  
12 and have they been cut back enough.

13 And as we went through this morning and Mr.  
14 Gluck just said, you know, the issue of the building  
15 is out there. And we are very concerned not just  
16 with that cost, but if you go through it, the amount  
17 of -- that the public, the ratepayers of Oshawa  
18 understand any of what is going on in the background  
19 of this application that I think my friends are  
20 trying to diminish as an important part of your  
21 decision-making, which is what is in, really, the  
22 real DSP. The real DSP contains something quite  
23 different

24 And quite frankly, in our minds, the way the  
25 policy of the board has been used has been to -- it  
26 has been -- and maybe not purposefully, maybe for  
27 other reasons. But it manipulates the process. It  
28 creates a system where customers can't understand and

1 don't understand the real impacts. And then by the  
2 time they do, it is over.

3 You have heard my friends say, when we get the  
4 building stuff done, when we get the bids in, we are  
5 done. And then you are in the enviable position of  
6 saying, maybe you did too much. But you are not  
7 impacting that decision, which we you think you  
8 should be impacting that decision, and we think that  
9 is an important part of it.

10 So, you know, in closing for us, we are a bit  
11 frustrated at this application and the way it is  
12 presented. We are -- certainly have a lot of  
13 questions about the increase. And as you could see  
14 from our calculation, Ms. Bennett used a number of 25  
15 percent of a revenue requirement.

16 Our calculation from their own evidence is it is  
17 51 percent if one goes back to the last time they had  
18 cost of service. A 51 percent service requirement  
19 impact. Yes, with all of the other things. That is  
20 a lot for anybody. And we think that needs to be  
21 looked at.

22 I mean, we just want to conclude with, you know,  
23 this thought to the -- and we know it is in your mind  
24 that, you know, in our understanding, just and  
25 reasonable rates are not a dissertation. It is often  
26 I hear in these rooms about whether the utility's  
27 shareholders management are getting a fair shake.  
28 That is not what it is about. That is not what

1 utility regulation is about.

2 Utility regulation is about dealing with a  
3 natural habit of monopolists. Monopolists, not  
4 because they are bad people or unfeeling people, do  
5 things that are easier to do and harder to do if you  
6 don't have a -- in a competitive market. They are  
7 hard to get away with doing in a competitive market.  
8 They are easy to do as long as the regulator lets you  
9 do them.

10 And so it takes away some of what we think is  
11 the creativity that needs to be had for the utility  
12 to understand the impact they are having on their  
13 customers.

14 So in our mind, as you look at this application,  
15 we are looking at it, and we hope you are looking at  
16 it, in its entirety, including the real part of this  
17 distribution system plan and asking the -- the  
18 reasonable question is, is this right for customers  
19 to be paying -- including the customers like I  
20 represent who have limited means, be paying this kind  
21 of increase? Thank you.

22 COMMISSIONER MORAN: Thank you, Mr. Garner.

23 Mr. Ladanyi.

24 **OPENING REMARKS BY T. LADANYI**

25 T. LADANYI: Thank you. The CCMBC was formed in  
26 2016 with a mandate to advocate for proactive  
27 innovative policies that are conducive to  
28 manufacturing in business retention and safeguarding

1 job growth in Canada. The creation of the  
2 organization was sparked by the high cost of  
3 electricity in Ontario and the negative impact it was  
4 having on business competitiveness in the province.

5 The CCMBC is a non-profit organization which  
6 relies on membership fees and individual donations to  
7 help protect interest of its more than 400 member  
8 manufacturers and other businesses who are all  
9 electricity consumers. Mostly, CCMBC members are  
10 Ontario manufacturers.

11 Members of CCMBC provide jobs for thousands of  
12 Ontarians in manufacturing and other businesses.  
13 These jobs are being threatened by ever-increasing  
14 electricity rates.

15 CCMBC believes that one of the reasons for high  
16 cost of electricity is capital spending by  
17 distributors like Oshawa Power, particularly on non-  
18 revenue generating assets. CCMBC believes that if  
19 rate increases are to be controlled, spending on  
20 assets that do not generate revenue should be  
21 minimized.

22 CCMBC believes the new management of Oshawa  
23 Power has not adequately considered the impact of its  
24 decisions on the rates paid by Oshawa Power  
25 ratepayers.

26 When businesses such as CCMBC members that  
27 operate in a competitive market have to make large  
28 capital expenditures in non-revenue generating

1 assets, they reduce capital spending on other assets  
2 in order to maintain competitive and stay in  
3 business.

4 Monopoly businesses like electricity  
5 distributors provide an essential service, and there  
6 is little chance that they would go out of business.  
7 In the monopoly market like electricity distribution,  
8 there is no such constraint on capital spending.  
9 There seems to be an attitude that cost is no object.

10 Governments have instituted regulators like the  
11 Ontario Energy Board to provide a substitute to  
12 competition to ensure that monopoly utilities like  
13 Oshawa Power behaves as if they were operating in a  
14 competitive market.

15 When the OEB put in place the renewed regulatory  
16 framework for electricity in 2012, the underlying  
17 concept was that rate increases would be kept below  
18 the rate of inflation. It later allowed higher  
19 increases by utilities to fund extraordinary capital  
20 expenditures on essential assets.

21 Oshawa Power has no extraordinary capital  
22 expenditures in its 2016 budget that would justify a  
23 rate increase above the rate of inflation.

24 In this hearing, CCMBC will only cross-examine  
25 Oshawa Power witnesses on the capital-related issues.  
26 That does not mean that CCMBC is not concerned about  
27 other issues. In order to minimize regulatory costs,  
28 CCMBC will rely on cross-examination of other parties

1 on those issues.

2 CCMBC will argue the Commissioners in their  
3 decision should direct Oshawa Power to reduce capital  
4 and OM&A spending to keep the rate increase --  
5 increases below the rate of inflation. Thank you.

6 COMMISSIONER MORAN: Thank you, Mr. Ladanyi.  
7 Mr. Vollmer.

8 **OPENING REMARKS BY D. VOLLMER**

9 D. VOLLMER: Thank you. Good afternoon, Chair  
10 and Commissioners. My name is Daniel Vollmer,  
11 counsel for Distributed Resource Coalition.

12 DRC's participation in this proceeding is  
13 focused on ensuring that Oshawa's application and  
14 distribution system plan supports Ontario's energy  
15 transition, including increasing electrification  
16 transportation and adoption of distributed energy  
17 resources to meet this growing energy demand.

18 DRC recognizes the company DSP's represents a  
19 balance between maintaining safety, reliability,  
20 preparing for future electrification, and changes in  
21 energy use and need in Oshawa.

22 Across Ontario, interest in and adoption of  
23 electric vehicles and distributed generation and  
24 storage are increasing. Utilities now face the  
25 challenge of maintaining and upgrading local  
26 distribution systems to accommodate these new types  
27 of demand and generation while keeping rates  
28 affordable.

1           DRC's participation in this proceeding seeks to  
2 ensure that Oshawa's plan maintains sufficient  
3 readiness for this shift. It is DRC's view that,  
4 broadly, the company's approach is consistent with  
5 the company's and the board's objectives and policy  
6 related to reliability, cost effectiveness, and  
7 innovation.

8           As the evidence shows, the utility has already  
9 seen significant year-over-year growth in electric  
10 vehicle ownership and DER connection. Electric  
11 vehicle adoption, anticipated fleet electrifications,  
12 and distributed generation projects noted in the  
13 evidence are expected to further increase system  
14 demands.

15           DRC supports efforts to manage these  
16 developments proactively. The identified non-wire  
17 solution projects and participation in regional  
18 planning initiatives, such as Durham Region's  
19 electric vehicle charging strategy, demonstrates a  
20 considered approach that leverages partnerships and  
21 external funding rather than placing the full burden  
22 on ratepayers.

23           DRC's concerns, therefore, is with an outcome in  
24 this proceeding that could result in underinvestment  
25 in key initiatives and projects that support  
26 Ontario's ongoing energy and technology transition.

27           Oshawa Power's own interrogatory responses  
28 confirm that deferring EV or DER-related

1 infrastructure could lead to reactive maintenance,  
2 service delays, and higher long-term costs for  
3 ratepayers, which are avoidable outcomes if the  
4 funding request for the DSPR are approved.

5 This hearing provides an opportunity to confirm  
6 on the record that these electric vehicle and DER-  
7 enabling investments are prudent, necessary, and  
8 aligned with provincial policy, including the recent  
9 integrated energy plan which projects that there will  
10 be more than 1 million electric vehicles on the  
11 province's roads by 23rd.

12 Accordingly, DRC's focus of this hearing will be  
13 on ensuring the evidence clearly supports continued  
14 investments in the DSP that accommodate and  
15 facilitate EV and DR integration and connections,  
16 modernization investments which provide the  
17 visibility needed to manage new forms of load  
18 associated with these technologies, and retention of  
19 flexibility to implement non-wire solutions where  
20 they are most cost effective -- where they are the  
21 most cost-effective option.

22 In summary, DRC believes that overall the  
23 application appropriately positions the company to  
24 meet Oshawa's electrification needs over the rate  
25 period and the longer term and recognizes the  
26 importance of maintaining funding that supports key  
27 energy transition investments in electric vehicle  
28 infrastructure, DERs, and system modernization.

1           Doing so will help avoid more costly  
2 interventions in future rate periods while ensuring  
3 Oshawa remains ready for a lower carbon economy  
4 consistent with broader Ontario public policy. Thank  
5 you.

6           COMMISSIONER MORAN: Thank you, Mr. Vollmer.  
7           Mr. Brophy.

8           **OPENING REMARKS BY M. BROPHY**

9           M. BROPHY: I guess it is good afternoon now.  
10 Thank you for the opportunity to provide these brief  
11 opening remarks. My name is Michael Brophy, and I am  
12 here on behalf of Pollution Probe.

13           There is a large amount of information available  
14 in this proceeding, and this oral hearing will  
15 quickly get into the weeds of that information and  
16 evidence. The broader set of issues are important.

17           For efficiency, we have scheduled to focus  
18 primarily on elements of the capital plan and O&M  
19 covered by panel 1. I am aware of some of the areas  
20 and details that others plan to focus on, and they  
21 are important, and we need -- we may have some  
22 clarification questions as well.

23           Pollution Probe was a party to the last Oshawa  
24 Power cost of service proceeding for the current  
25 five-year plan which resulted in OEB approval of the  
26 settlement agreement that met Oshawa Power's needs --  
27 was based on Oshawa Power's stated commitments to  
28 advance the system in line with customer needs, the

1 energy transition, and it also was based on a  
2 reduction in capital and OM&A funding over the term  
3 compared to their initial request.

4 This was intended to provide Oshawa Power a firm  
5 foundation to meet the distribution needs within its  
6 service territory including the capacity needed to  
7 respond to the climate emergencies declared and  
8 related plans for the City of Oshawa and Durham  
9 region.

10 Each five-year term is based on the capacity  
11 built already and also what is needed in the future.  
12 It does not exist in a silo.

13 Similar to the current rate term, the new rate  
14 term application is intended to meet the customer  
15 needs in an efficient, cost-effective manner while  
16 ensuring its plan and execution from the utility over  
17 the term aligns with customer and system needs, the  
18 accelerating energy transition, and related policy  
19 demands, including net zero.

20 However, there is a real and noticeable shift in  
21 this application based on the changes and other  
22 factors which were not identified during the previous  
23 application. I will not go into those details at  
24 this time, but it will be up to Oshawa Power to  
25 demonstrate what those differences are and why they  
26 deserve the large increase in ratepayer funding.

27 There will be detailed analysis and comparison  
28 to objectively assess how Oshawa Power has performed

1 and commits to perform, compared to utility peers,  
2 particularly those that have demonstrated that they  
3 are delivering on customer needs aligned with the  
4 energy transition and net zero commitments.

5 And, finally, we know that Oshawa Power has  
6 indicated that they plan to seek incremental funding  
7 related to the new building in a future ICM  
8 application. Although the future ICM approvals are  
9 not going to be approved in this specific proceeding,  
10 it is important to consider the overall impact and  
11 context for ratepayers.

12 Those plans are likely to have an impact on what  
13 the OEB believes is prudent planning for the funding  
14 envelopes from this proceeding. And the approvals  
15 granted in this proceeding will certainly be relevant  
16 when Oshawa Power files for their ICM application.

17 None of that relieves the need to deliver in a  
18 prudent manner on the current and future customer  
19 needs and -- as the energy transition continues to  
20 accelerate and also in alignment with provincial and  
21 other policy direction.

22 Thank you, and those are my opening comments.

23 COMMISSIONER MORAN: Thank you, Mr. Brophy. I  
24 think that concludes opening statements.

25 Mr. Vellone, before we break for lunch, just a  
26 quick logistics question. The commitment to put the  
27 building number on the record, I don't want Mr.  
28 Garner to be worrying too long about what that number

1 might be. I am just wondering if that can be  
2 something that can be taken care of over lunch, or do  
3 you need more time?

4 J. VELLONE: I will try my best. I have an  
5 associate back at the office that may be able to  
6 assist with this and make it happen as quickly as  
7 possible.

8 COMMISSIONER MORAN: Good, thanks. And so with  
9 that, we will adjourn. When we return, we will start  
10 with cross-exam by Schools. And we will adjourn  
11 until 1:15.

12 --- Recess taken at 12:17 p.m.

13 --- Upon resuming at 1:23 p.m.

14 COMMISSIONER MORAN: Thank you. Please be  
15 seated. We are ready to resume.

16 Mr. Shepherd.

17 J. SHEPHERD: Thank you, Mr. Chairman. I have a  
18 compendium which has been circulated. I actually  
19 didn't make hard copies because our office has gone  
20 entirely virtual, and I thought the OEB had as well,  
21 but I understand copies are being made for you.  
22 Perhaps I could get an exhibit number.

23 L. MURRAY: That will be Exhibit K1.3.

24 **EXHIBIT K1.3: Compendium by School Energy**  
25 **Coalition**

26 J. SHEPHERD: I also expect to refer to exhibit  
27 attachment 2-11 of the interrogatories.

28 COMMISSIONER MORAN: Is that better?

1 S-A. CONNELL: It is fine.

2 J. SHEPHERD: Okay. And where was I? Oh, yes.  
3 I will be referring to K1.3, which has been  
4 circulated, and I will be referring to attachment 2-  
5 11, which is the options analysis for the capital  
6 plan, which, for some magical reasons, didn't end up  
7 in the compendium.

8 And I also expect to refer to a table filed by  
9 OEB staff on the cost of service bill impacts and  
10 impact of the new building. And I think that's in a  
11 compendium; is that right?

12 L. MURRAY: It is not in a compendium. We were  
13 going to mark it when we present. But that being  
14 said, if you are going to refer to it, perhaps we  
15 could just mark it now.

16 That will be -- it will be a table titled  
17 "Oshawa PUC Cost of Service Bill Impacts and Impact  
18 of New Building," and it is a table by OEB staff, and  
19 that will be given Exhibit K1.4.

20 **EXHIBIT K1.4: TABLE BY OEB STAFF TITLED "OSHAWA**  
21 **PUC COST OF SERVICE BILL IMPACTS AND IMPACT OF**  
22 **NEW BUILDING"**

23 J. SHEPHERD: Thank you.

24 Now, I will ask, by the way, the witnesses in  
25 the second row, maybe it is just my advanced age, but  
26 I am having a harder time hearing you than the  
27 witnesses in the first row. So if you could embrace  
28 your mics more closely.

1           **CROSS-EXAMINATION BY J. SHEPHERD**

2           J. SHEPHERD: And so I want to start with some  
3 preliminary stuff just to set the stage, and if you  
4 go to page 2 of our compendium.

5           Who is doing the visuals?

6           So this is the org chart of Oshawa Power and  
7 Utilities Corporation. Do you recognize this?

8           V. BENNETT: Yes.

9           J. SHEPHERD: Okay. And just to understand,  
10 Oshawa Power, the corporation, is actually the  
11 holding company; right? The top one?

12          V. BENNETT: Yes, that is correct.

13          J. SHEPHERD: And then --

14          V. BENNETT: I would just say, can we grab a  
15 page reference just because we also don't have copies  
16 of the compendium? So this is in Exhibit 1.

17          J. SHEPHERD: I don't have all the page  
18 references, I don't think. Has the -- the compendium  
19 was emailed to you. Do you not have it?

20          V. BENNETT: It was at lunch, but we don't have  
21 printed copies, so we don't have it with us.

22          J. SHEPHERD: Okay. But it is on the screen;  
23 right?

24          V. BENNETT: Yeah. And this is page 44 of our  
25 Exhibit 1.

26          J. SHEPHERD: Okay. The one on the left side is  
27 the LDC. The one you're calling "Oshawa Power" is  
28 actually Oshawa PUC Networks Inc.; right?

1 V. BENNETT: Yes, that is correct.

2 J. SHEPHERD: Okay. And then you have Oshawa  
3 PUC Energy Services Inc., which is the one that  
4 operates under -- as EnerFORGE?

5 A. TANG: Yes, that is correct.

6 J. SHEPHERD: And that's a generation company?  
7 It does -- provides generation services, like, for  
8 data centres and stuff like that; right?

9 A. TANG: Yes.

10 J. SHEPHERD: And then you have 2720665 Ontario  
11 Inc., which is a biogas company?

12 A. TANG: Yes, that is correct.

13 J. SHEPHERD: The other -- the other sort of  
14 bigger ones of these companies is -- the one at the  
15 far right is Oshawa PUC Services Inc., which operates  
16 under Durham Broadband?

17 A. TANG: Correct.

18 J. SHEPHERD: And then you have these three  
19 numbered companies in the middle, one of which has no  
20 business, 2796687. That just has -- it's a dormant  
21 company right now; right?

22 A. TANG: Yes.

23 J. SHEPHERD: And the 2825909 is a wind energy  
24 company?

25 A. TANG: Yes.

26 J. SHEPHERD: And 2252112 is Clinton Solar,  
27 which is a -- which is a rooftop solar company?

28 A. TANG: Correct.

1 J. SHEPHERD: And then, finally, 2825407 is a  
2 metering and connect/disconnect company, but it is  
3 also doing your work, the consulting work, for  
4 Lakefront; is that right?

5 A. TANG: Yes, that is correct.

6 J. SHEPHERD: All right. So -- and Oshawa Power  
7 and Utilities provides -- sorry. The LDC provides  
8 services to all of these other companies; right?

9 A. TANG: Yes.

10 J. SHEPHERD: Is it your staff that do that?

11 A. TANG: Yes, that is correct.

12 J. SHEPHERD: And you have -- when we get to  
13 OM&A, we will talk about the allocation and stuff,  
14 but I just want to sort of get the landscape right.

15 And am I right that the only one that -- only  
16 two that provide services to the LDC are the holding  
17 company and 2825407; is that right? Those two  
18 provide services to the LDC?

19 A. TANG: If I could refer you to Exhibit 4,  
20 page 102 to 105, we have tables listing out the  
21 service to and from between the companies.

22 J. SHEPHERD: I understand that. I am trying to  
23 simplify here. Is it correct that the only two that  
24 provide services to the LDC are the holding company  
25 and 2825407, or are there more that provide services  
26 to the LDC?

27 A. TANG: Yes, that's correct.

28 J. SHEPHERD: Okay. And except for the LDC,

1 none of these companies have capital assets that are  
2 used by the utility; is that right? Like, the  
3 utility is not paying for any capital assets that are  
4 in these other companies; correct?

5 A. TANG: That is correct.

6 J. SHEPHERD: And similarly, the services that  
7 are being provided either to Oshawa -- to the utility  
8 or from the utility to the other affiliates, none of  
9 those are capitalized; right? They are all OM&A  
10 services?

11 A. TANG: The only piece that is capitalized is  
12 noted by Ms. Filion at the beginning, which was part  
13 of the CIS development work that we are going to make  
14 a correction for.

15 J. SHEPHERD: I am going to come to that in a  
16 second. Good. Thank you for telling me that. That  
17 250 and 100; right?

18 A. TANG: Just the 250.

19 J. SHEPHERD: Just the 250. That was  
20 capitalized. And it was capitalized as an LDC asset?  
21 It is in your rate base?

22 A. TANG: Correct.

23 J. SHEPHERD: Yeah, thanks.

24 And when -- sorry. When any of these companies  
25 get services from the LDC, they pay cost; right? The  
26 LDC is not charging them market for anything; right?

27 I understood that some of the services to the  
28 utility are at market, but all of the services from

1 the utility are at cost.

2 A. TANG: Actually allocated cost.

3 J. SHEPHERD: Yes. Thank you.

4 Okay. I just wanted to make sure I had the  
5 landscape so that I didn't waste time on a bunch of  
6 stuff that's not necessary.

7 Could you turn to page 3 of our compendium.

8 This is the map of your service territory from your  
9 evidence. And the dividing line on the west side of  
10 your service territory, that is Thornton Road; right?

11 M. WEATHERBEE: Yes, the dividing line is  
12 Thornton Road, but we can't zoom in on this, but  
13 there are some variations as we -- as we go through  
14 the -- up to the top of the map.

15 J. SHEPHERD: Well, in fact, in some parts of  
16 this, the -- the -- on the left-hand side at Whitby  
17 is Elexicon; right?

18 M. WEATHERBEE: Sorry. That is correct.

19 J. SHEPHERD: And so, generally speaking, on the  
20 west side of Thornton, that is Elexicon, but you  
21 actually serve both sides of Thornton, don't you?

22 M. WEATHERBEE: In certain areas, we do.

23 J. SHEPHERD: Including at Conlin Road, where  
24 your new head office is going to be?

25 M. WEATHERBEE: That is correct, at Conlin Road,  
26 yes, in particular.

27 J. SHEPHERD: All right. And so your existing  
28 head office and operations building is at Simcoe and

1 King; right? Highway 2 or close?

2 M. WEATHERBEE: 100 Simcoe Street South.

3 J. SHEPHERD: Right. Which is a block away from  
4 Highway 2; right?

5 M. WEATHERBEE: Two blocks.

6 J. SHEPHERD: Okay. And it is in the centre of  
7 a highly developed area of Oshawa; right? It is  
8 right in the centre -- in this map, it is between  
9 MS2, MS14, MS10, and MS5?

10 M. WEATHERBEE: Yes. It is in the downtown  
11 core.

12 J. SHEPHERD: Okay.

13 M. WEATHERBEE: Yeah.

14 J. SHEPHERD: And the new head office that you  
15 are building -- that you are proposing to build is  
16 actually at Conlin and Thornton, which is -- if you  
17 look at this map, it is about halfway up the western  
18 boundary of your -- of your service territory; right?

19 M. WEATHERBEE: Not quite halfway. I would say  
20 that the 407 is more or less halfway, so Conlin Road  
21 is south of that.

22 J. SHEPHERD: Okay. So just south of 407. I  
23 get that. And, in fact, there is a big -- is it a  
24 data centre just west of you? But that is actually  
25 in Elexicon's territory, right, so you don't serve  
26 it?

27 M. WEATHERBEE: I am not aware of that data  
28 centre.

1 J. SHEPHERD: I just -- if you take a look at  
2 page -- now I have to find it -- at page 74 of our  
3 materials. This is a picture from Cushman &  
4 Wakefield of the site. You recognize this? We are  
5 facing west.

6 M. WEATHERBEE: I recognize that.

7 J. SHEPHERD: And that big thing in the back,  
8 that is a data centre; is that right?

9 M. WEATHERBEE: I am not sure. That is within  
10 Elexicon's service territory.

11 J. SHEPHERD: Anyway, that is in Elexicon's  
12 territory; you don't serve it?

13 M. WEATHERBEE: That is correct.

14 J. SHEPHERD: Okay, thank you.

15 Okay. I just wanted to set some framework to  
16 understand, like, what the lay of the land is. Now,  
17 let me talk about -- about -- let me ask you some  
18 questions about your opening remarks.

19 So I want to start with, on page 4 of our  
20 material, the first page of your opening remarks, you  
21 talk about the resource optimization review.

22 I guess this is for you, Ms. Bennett. So you  
23 relied on that report; right?

24 V. BENNETT: Yes. It was an input to the  
25 staffing plans.

26 J. SHEPHERD: And you tried to follow the  
27 recommendations in that report; isn't that correct?

28 V. BENNETT: We didn't follow all of them. We

1 provided a management response in Exhibit 4 to how we  
2 addressed each of the recommendations.

3 J. SHEPHERD: Okay. Now, the metric you -- the  
4 main metric you used for assessing whether you are  
5 lean or not, as I understand that report and I  
6 understand your evidence, is customers per FTE; is  
7 that right?

8 V. BENNETT: That was one input. There was  
9 additional analysis done, as shown in attachment 4-1.

10 J. SHEPHERD: Well, you actually said in your  
11 evidence that it was the main metric, didn't you?

12 V. BENNETT: In my opening remarks, I mentioned  
13 that the study said this. I said that the report in  
14 its entirety concluded that we were too lean.

15 J. SHEPHERD: Okay. So FTEs don't include  
16 outsourcing, do they?

17 V. BENNETT: They do not.

18 J. SHEPHERD: So how does that comparison adjust  
19 for outsourcing?

20 V. BENNETT: So it does not, and that is where  
21 we rely on other benchmarks such as the OM&A per  
22 customer, which I also spoke to, as well as the  
23 cohort status, both which speak to overall costs.

24 J. SHEPHERD: So when you outsourced -- what did  
25 you outsource, billing and collecting or -- something  
26 like that to an affiliate, that reduced your FTEs;  
27 right?

28 M. YACKOUB: I can speak about the outsourcing

1 of billing and collections. So billing was not  
2 outsourced to our affiliate. It was -- it has been  
3 outsourced to a separate company for about 20 years  
4 now.

5 J. SHEPHERD: Okay.

6 M. YACKOUB: Collections has always been  
7 outsourced, so that hasn't changed our head count.

8 J. SHEPHERD: Well, what was the new  
9 outsourcing? There was a new outsourcing in 2021.  
10 What was it?

11 M. YACKOUB: The contact centre.

12 J. SHEPHERD: The what?

13 M. YACKOUB: The call centre. And that was in -  
14 -

15 J. SHEPHERD: The call centre.

16 M. YACKOUB: -- 2024, not 2021.

17 J. SHEPHERD: Okay. And that then reduced your  
18 FTEs; right?

19 M. YACKOUB: That did, yes.

20 J. SHEPHERD: And improved your customers per  
21 FTE ratio?

22 M. YACKOUB: It increased the ratio, I suppose,  
23 yes.

24 J. SHEPHERD: Yes. Okay. Made you look better  
25 compared to the benchmarks?

26 M. YACKOUB: I will just pass it on to Ms.  
27 Bennett to answer that, but the benchmarks do also  
28 talk about outsourcing -- percentages.

1 V. BENNETT: Yeah, like I said, we were looking  
2 at overall costs for those years as well, so that  
3 would have included the subcontracted cost.

4 J. SHEPHERD: Perfect. Now, you say in your  
5 opening remarks that Oshawa Power is facing the same  
6 pressures as other organizations, the other LDCs.  
7 But your rates are about the same as theirs, and you  
8 are asking for an increase of, like, 25 percent. Why  
9 is that? Are they asking for 25 percent?

10 V. BENNETT: So first off, I would say that our  
11 rates are not the same. So you would have to look at  
12 the specific rate classes. Again, we used the  
13 overall costs as a way to generalize across all rate  
14 classes where we look at OM&A cost per customer. So  
15 that is the first piece.

16 J. SHEPHERD: Can I just stop you there. Your  
17 customers don't pay OM&A costs; right? They pay  
18 total rates.

19 V. BENNETT: Rates. That is correct.

20 J. SHEPHERD: Okay. Go on.

21 V. BENNETT: But rates reflect our OM&A amounts,  
22 and so that is why we feel that is a good metric to  
23 check. Subcontracted, FTEs, all of that.

24 J. SHEPHERD: Okay. You talk about your 15  
25 percent annual turnover rate. Where does the 15  
26 percent number come from? Is it an average from the  
27 last ten years or five years or two years? Or what  
28 is it?

1 V. BENNETT: I will refer you to interrogatory  
2 4-X-139. It is an average of 2021 to 2024 turnover  
3 rates.

4 J. SHEPHERD: 4-X, sorry?

5 V. BENNETT: 139.

6 J. SHEPHERD: 139. So it is 2021 to 2024, you  
7 said; right? That is -- I thought you said COVID  
8 years should not be used. Why did you use an average  
9 that includes COVID years? Which appear to have the  
10 highest turnover.

11 V. BENNETT: So, Mr. Shepherd, I would note in  
12 this table, so it is IR- -- the one that is up, thank  
13 you very much.

14 So the highest turnover was in 2021, but we saw  
15 high turnover in 2022 and quite high turnover in '23  
16 and '24 as well. And so I would also refer to the  
17 fact that turnover costs a lot of money. And Ms.  
18 Galli spoke to this in her report as well. She said  
19 that -- and I can refer to the specific page.

20 So if I refer you to page 33 of attachment 4-1.  
21 Of the -- of Exhibit 4, apologies, not the  
22 interrogatories. And it is page 33. Yeah, so as  
23 this is being pulled up, this is a reference cited in  
24 Ms. Galli's report about employee departures costing  
25 company time, money, and other resources, suggesting  
26 direct replacement costs can reach as high as 50 to  
27 60 percent.

28 And so we do see that in all of the years. The

1 highest year is 2021, but we see similar rates in the  
2 other years.

3 J. SHEPHERD: So your turnover rate is not 15  
4 percent; right? That is incorrect? And your 75  
5 percent for the next five years is also not correct?

6 V. BENNETT: No, I would highlight that even in  
7 2024, the turnover was still 12 percent. It is not  
8 15 percent. But 12 -- 2024 was well out of COVID  
9 years, and we still had very high turnover.

10 J. SHEPHERD: So you brought in a new management  
11 team, and you were surprised that there was turnover?

12 V. BENNETT: I -- as highlighted in this table,  
13 the turnover has been an issue for many years.

14 J. SHEPHERD: Okay. On this point, you also  
15 mentioned that OPG is moving its headquarters to  
16 Oshawa. You said that is a threat to you because you  
17 will have a hard time getting staff and retaining  
18 staff.

19 You know, I sat on the board for a long time of  
20 a Silicon Valley company, and they loved to be in  
21 Silicon Valley where there is a whole pile of people  
22 and a lot of competition because they had more  
23 qualified people to rely on.

24 If you have 750 people coming in for OPG, isn't  
25 that an opportunity rather than a risk?

26 V. BENNETT: I am not sure I understand. Are  
27 you saying that people going to work for OPG would  
28 come and work for Oshawa Power?

1 J. SHEPHERD: No. What I am saying is you are  
2 going to have more people in the community who are  
3 qualified in your business, a bigger talent pool.  
4 That is what Silicon Valley is right now.

5 V. BENNETT: I agree, but we are not necessarily  
6 able to compete with the compensation that OPG is  
7 able to offer.

8 J. SHEPHERD: I thought you increased your  
9 compensation?

10 V. BENNETT: We did to industry averages.

11 J. SHEPHERD: But not to OPG standards, which  
12 everybody knows are, like, way up there. I get it.  
13 Okay.

14 Let me move on to this new senior management  
15 team. And you implemented a business transformation,  
16 and you list a bunch of things that are included in  
17 your modernization: A new strategy and business  
18 plan, an overall -- overhaul of the conditions of  
19 service.

20 You brought in Dayforce, which is a good thing I  
21 suppose. Is that -- by the way, that is a common  
22 solution for companies of your size; right? It is  
23 often used?

24 V. BENNETT: I have worked at one other  
25 organization that used Dayforce, so anecdotally, I  
26 don't know. I don't know.

27 J. SHEPHERD: Well, who is your IT person?

28 M. YACKOUB: I am.

1 J. SHEPHERD: It is a common -- a common  
2 solution for staffing and time management; right?

3 M. YACKOUB: It is a product out there. I don't  
4 know how commonly it is used for our size and all  
5 that, but, yeah, it is a product that is out there.

6 J. SHEPHERD: Well, presumably when your  
7 organization implemented it, you looked at what was  
8 out there. And why would you choose Dayforce? You  
9 chose it because it was a well understood, used by  
10 many utilities around North America, program; right?

11 M. YACKOUB: I don't know the stats of how they  
12 are used around North America, but certainly, we used  
13 it because it integrates with our finance software  
14 and because some of the utilities use it, yes.

15 J. SHEPHERD: So you did investigate, and you  
16 found that it was common.

17 M. YACKOUB: The word "common" is what I am not  
18 sure about. I don't know --

19 J. SHEPHERD: Okay.

20 M. YACKOUB: -- a relative term. But yes, it is  
21 used by other utilities.

22 J. SHEPHERD: Did you implement Dayforce for the  
23 affiliates too?

24 M. YACKOUB: For -- I am sorry, could you repeat  
25 that? For which?

26 J. SHEPHERD: The affiliates are using Dayforce  
27 too?

28 M. YACKOUB: Yes.

1 J. SHEPHERD: Okay. And who is paying for that?

2 M. YACKOUB: I will pass that to Ms. Tang to  
3 explain the finances there.

4 A. TANG: So they pay their share based on the  
5 number of employees that are being used -- that are  
6 using the system.

7 J. SHEPHERD: For the annual cost; right?

8 A. TANG: For the annual cost.

9 J. SHEPHERD: It's a cloud solution.

10 A. TANG: Exactly.

11 J. SHEPHERD: But there is a front end cost;  
12 right? There is a capitalized cost?

13 M. YACKOUB: Yes, there was certainly a capital  
14 cost.

15 J. SHEPHERD: And did they pay for that?

16 M. YACKOUB: I don't know how the finances  
17 worked out. I will pass it to Ms. Tang.

18 J. SHEPHERD: I'm assuming, Ms. Tang, that if  
19 you didn't know there was a capital cost, then you  
20 certainly didn't charge it to the affiliates, did  
21 you?

22 A. TANG: I don't know this information.

23 J. SHEPHERD: All right. Can you undertake to  
24 tell us whether it was charged to the affiliates and  
25 how much it was.

26 A. TANG: Yes.

27 L. MURRAY: That will be undertaking J1.1.

28 **UNDERTAKING J1.1: TO ADVISE WHETHER THE CAPITAL**

1           **COST FOR DAYFORCE WAS CHARGED TO THE AFFILIATES**  
2           **AND HOW MUCH IT WAS**

3           J. SHEPHERD: You also negotiated a new  
4 collective bargaining agreement. That is not  
5 modernization; right? That is not one of the things  
6 you did for modernization because you had to do it  
7 anyway; right?

8           V. BENNETT: This was more relating to  
9 attracting and retaining staff, which is also a  
10 priority, and bringing the compensation up to market  
11 so that we can keep our staff.

12          J. SHEPHERD: I don't understand your answer. I  
13 am sorry. Your collective agreement came due, and  
14 you renegotiated it. That had nothing do with  
15 modernizing, did it?

16          V. BENNETT: No. It is something we would need  
17 to do.

18          J. SHEPHERD: Yeah.

19          V. BENNETT: But it was an important piece of  
20 what we are doing generally, which is bringing up the  
21 compensation to standard levels.

22          J. SHEPHERD: Oh, so did you negotiate a large  
23 increase in your rates in the collective bargaining  
24 agreement? Because I didn't see that. That is why I  
25 am asking.

26          V. BENNETT: Are you talking about the rates  
27 paid to unionized staff?

28          J. SHEPHERD: Yes.

1 V. BENNETT: Just give me a second to find out.

2 J. SHEPHERD: I thought the increase was sort of  
3 an industry standard increase.

4 V. BENNETT: Yeah, that is the -- I want to --  
5 just a second. I am going to find this material.

6 So if I can refer you to interrogatory 4-X-154.  
7 And there is a figure there, figure 4-6.

8 J. SHEPHERD: Yeah.

9 V. BENNETT: And that shows where Oshawa Power  
10 was before the negotiation and after. And as you can  
11 see, it was very much linked to benchmarks.

12 J. SHEPHERD: Okay. So then that wasn't part of  
13 your recruitment of more staff because you were just  
14 keeping track -- keeping pace with the rest of the  
15 industry; right?

16 V. BENNETT: Again, that is our focus is the  
17 getting back to industry standards, yes.

18 J. SHEPHERD: Okay. You talk about increasing  
19 collection effort to reduce the growth of bad debt.  
20 But bad debt has actually gone up a lot; right?

21 M. YACKOUB: Yes, it has been going up every  
22 year.

23 J. SHEPHERD: So then your modernization was it  
24 gets worse? The situation gets worse? I am not -- I  
25 am trying to connect the two, right. Like, you  
26 increase your collection efforts, bad debt is even  
27 worse than it used to be.

28 M. YACKOUB: Yeah, so bad debt has been rising,

1 and the collection efforts is to stem the rising, to  
2 try to flatten that.

3 J. SHEPHERD: All right.

4 M. YACKOUB: So I would -- we did put in the  
5 interrogatories, and I can find it, how much we have  
6 collected in the past two years, and it has been  
7 significantly more than previously. So we are  
8 collecting more. We have increased our collection  
9 efforts.

10 Bad debt is rising, but you can presume that if  
11 you hadn't collected that amount, it would have risen  
12 faster. If that makes sense.

13 J. SHEPHERD: Okay. So it would have been worse  
14 but for your increased efforts?

15 M. YACKOUB: Apparently, yes.

16 J. SHEPHERD: All right. You are talking about  
17 LEAP and Ontario Electricity Support and Save on  
18 Energy, but those -- none of those are new; right?  
19 So those aren't part of your modernization. You were  
20 just doing what you were supposed to do; right? Is  
21 there something new there?

22 L. FILION: So as per -- sorry, apologies. As  
23 per the OEB's final rate order, EB-2023-0135, Low-  
24 Income Energy Assistance Program or emergency funding  
25 assistance, Oshawa Power is planning to increase the  
26 ask for LEAP contributions.

27 In our revenue requirement, we have demonstrated  
28 the need for that. So we do have an increased LEAP

1 contribution that we are requesting in this  
2 application.

3 J. SHEPHERD: Again, not part of modernization  
4 of the utility?

5 L. FILION: I will pass that on to Ms. Bennett.

6 V. BENNETT: We are meeting a regulatory  
7 requirement, but also addressing an issue. So we do  
8 see it as part of our overall modernization efforts  
9 that are going into our cost of service application.

10 J. SHEPHERD: Now, you talk about non-wires  
11 solutions, which clearly are a modernization effort,  
12 but I looked very carefully at your capital plan, and  
13 I didn't see where any of your future infrastructure  
14 costs were being reduced because of non-wires  
15 solutions. Can you point that out, where they are?

16 A. GANAPATHY: Specifically around non-wires  
17 solutions --

18 J. SHEPHERD: Yeah.

19 A. GANAPATHY: -- the intention with the non-  
20 wires solution we have proposed is to keep deferred  
21 capital investments further deferred in the 2030 and  
22 beyond period in a case where load forecasts  
23 materialize beyond what the expected rate is. And we  
24 follow the OEB's load forecasting guideline to assume  
25 a reasonable assumption of growth that is provided as  
26 inputs into GTA East regional planning.

27 J. SHEPHERD: So you are going to spend money  
28 over the next five years on non-wires solutions, but

1 the hit is going to come, the benefit is going to  
2 come after 2030?

3 You have to verbalize, sorry. You can't just  
4 nod.

5 A. GANAPATHY: Passing it on to Ms. Bennett.  
6 She is going to speak to it.

7 V. BENNETT: So I am going to refer you to the  
8 non-wires business case. This is in Exhibit 2,  
9 appendix 2-1, the DSP appendix A. And just while  
10 that is being brought up, I will explain that on page  
11 2, we explained that we do not have system needs that  
12 could be addressed in this DSP, like Mr. Ganapathy  
13 said.

14 And this is more -- the non-wires solution, it  
15 is proposing this as more of an exploratory  
16 opportunities that we want to research and be able to  
17 start achieving savings now and then have them defer  
18 assets in the future.

19 J. SHEPHERD: Okay. Thank you.

20 Then, finally, in this section and -- no, maybe  
21 not finally. I lied. You talk about in 2024,  
22 everybody had to work so hard, so you had not enough  
23 staff, and yet your ROE was down to a very low level.

24 Those don't seem to match because if you didn't  
25 have enough people, then you weren't paying for  
26 enough people, and therefore, your ROE should have  
27 been higher. And I don't understand how not having  
28 enough people equates to we are not making enough

1 money.

2 V. BENNETT: So, Mr. Shepherd, I would highlight  
3 that we did have more people in 2024. In particular,  
4 with the senior management team established in 2023,  
5 their full compensation didn't hit until 2024.

6 And, yes, that is correct, we still didn't have  
7 enough people to do everything. We also had the bad  
8 debt, the collections, the -- and the additional fees  
9 that we -- and -- sorry -- drivers that we identified  
10 in Exhibit 4 that all led to the lower ROE for that  
11 year.

12 J. SHEPHERD: Okay. And so it sounds like -- so  
13 you need these more people because, like, in 2024,  
14 you were modernizing; right? You were transforming  
15 the business. So that takes a lot of effort. I get  
16 that.

17 But at some point, you are done; right? You  
18 have got -- you are now on the right track, a better  
19 track. Why do you need more people, then, if -- once  
20 the transformation is finished, why do you need more  
21 people? The hard stuff is done.

22 V. BENNETT: I would highlight, of the ten new  
23 staff identified for 2026, five of them are O&M  
24 staff. And so they are on the ground outside doing  
25 the work, and the other half are -- the other five  
26 are admin staff that are more involved with the day-  
27 to-day modernization.

28 Based on the level of work that we have, we are

1 making updates, but we expect that we will continue  
2 to need those staff based on overtime happening not  
3 just in 2024, but also for several years before this.

4 So we anticipate -- anticipate continuing  
5 needing that staff including for the evolving policy,  
6 regulatory environment. There is numerous additional  
7 pressures, including those -- addressed system  
8 expansion, et cetera.

9 J. SHEPHERD: Okay.

10 And the last question for you, for a while at  
11 least, is you kept saying -- and this is in your  
12 evidence too in many places, but you also said in  
13 your opening remarks that after this increase, you  
14 are going to be still in group 2, which -- and, by  
15 the way, you said, and you are still going to be 16  
16 percent below the peg number, which obviously that is  
17 not correct; right? Did you mean to say that?

18 V. BENNETT: I was referring to our benchmark  
19 results, which we saw in Exhibit 1.

20 J. SHEPHERD: Yes.

21 V. BENNETT: Sorry. Let me just find it. So if  
22 we turn to Exhibit 1, page 81, and referring to the  
23 OEB-approved forecast model for the 2026 test year.

24 J. SHEPHERD: Okay. And so have you done it for  
25 2027 with the building?

26 V. BENNETT: Yes.

27 J. SHEPHERD: Can we have it?

28 V. BENNETT: Yes.

1 J. SHEPHERD: I think that is an undertaking.

2 L. MURRAY: That will be Undertaking J1.2.

3 **UNDERTAKING J1.2: TO PROVIDE OEB-APPROVED**  
4 **FORECAST MODEL FOR 2027 WITH THE BUILDING**

5 J. SHEPHERD: And are you still in group 2 after  
6 the building?

7 V. BENNETT: We remain in group 2, yes.

8 J. SHEPHERD: Good.

9 Now, I want to turn to the business  
10 transformation, and I want to start -- this is Mr. --  
11 you, Mr. Yackoub -- Yackoub; is that right? Okay.

12 Is the business transformation only an IT  
13 transformation, or is it a broader concept?

14 M. YACKOUB: Are you referring to the business  
15 transformation strategy document or just as a  
16 concept?

17 J. SHEPHERD: Yeah, the -- when Mr. Arbour came  
18 in, he -- he initiated this business transformation.  
19 My impression was the business transformation wasn't  
20 just IT. That was part of it, an important part of  
21 it, but there was a lot of other things going on to  
22 transform the business and make it more modern; is  
23 that correct?

24 M. YACKOUB: I think that is fair to say, maybe  
25 not just to make it more modern, but, you know, to  
26 improve performance standards of staff and things  
27 like that. So it is not necessarily just  
28 modernization, but, yeah, I think it spans the entire

1 organization.

2 J. SHEPHERD: Okay. We will talk about that a  
3 little more later.

4 You talk about replacing your ERP software,  
5 which the support ends in 2027; right?

6 M. YACKOUB: No.

7 J. SHEPHERD: That is Great Plains; right?

8 M. YACKOUB: -- that date. Pardon?

9 J. SHEPHERD: It is Great Plains; right?

10 M. YACKOUB: It is, yes.

11 J. SHEPHERD: You are using Great Plains, which  
12 is a Microsoft product?

13 M. YACKOUB: Correct.

14 J. SHEPHERD: And they've announced their  
15 support is going to end in 2027.

16 M. YACKOUB: Just give me one second. So it is  
17 confusing. They have announced a few times, but  
18 officially their support ends in 2029.

19 J. SHEPHERD: In 2029. Okay.

20 M. YACKOUB: That is correct.

21 J. SHEPHERD: And, now, Great Plains is one of  
22 the most common ERP systems in North America; is that  
23 true? It is used by hundreds and hundreds of  
24 thousands of businesses?

25 M. YACKOUB: I don't know the number, but I  
26 assume, yes, it is very common.

27 J. SHEPHERD: And so you are not the only ones  
28 that have to find another solution, and Microsoft

1 isn't just going to leave you in the lurch; right?

2 M. YACKOUB: What do you mean by leave us in  
3 lurch? Meaning --

4 J. SHEPHERD: Well, they are going to have a new  
5 product.

6 M. YACKOUB: They do have a new product, yes.

7 J. SHEPHERD: Exactly. And so what you are  
8 doing, then, is you are migrating either to the new  
9 product or one of their competitors sometime between  
10 now and 2029; right?

11 M. YACKOUB: Correct. So just for clarity,  
12 their new product is called Dynamics 365, and it is  
13 effectively a different product, so it is not an  
14 upgrade.

15 J. SHEPHERD: No. Understood. But --

16 M. YACKOUB: And yes.

17 J. SHEPHERD: -- they are offering it because  
18 they want people who have Great Plains to replace it  
19 with Dynamics 365; right?

20 M. YACKOUB: Well, they have had Dynamics 365  
21 for a few years, so I don't know that they are trying  
22 to push everybody, but presumably, yes, they want all  
23 the customers.

24 J. SHEPHERD: So you are in the same boat as a  
25 lot of other people?

26 M. YACKOUB: I assume so, yeah.

27 J. SHEPHERD: Including presumably a whole lot  
28 of LDCs in Ontario; right?

1 M. YACKOUB: I know of a few, yes.

2 J. SHEPHERD: Yes.

3 The next thing you talk about -- this is on page  
4 6 of our materials -- is the CIS. Now, the CIS is --  
5 that was approved in 2021, but you haven't  
6 implemented it yet? You have it implemented, have  
7 you?

8 M. YACKOUB: Yes, we have as of --

9 J. SHEPHERD: It is done?

10 M. YACKOUB: -- October, yeah.

11 J. SHEPHERD: Okay. So then -- oh, I see. So  
12 this is not intended to be a future product --  
13 project. This is a completed project?

14 M. YACKOUB: We have -- yeah, we have put it in  
15 service. There are some enhancements still left to  
16 do. But, yes, it is in service now.

17 J. SHEPHERD: Okay. And you made a correction  
18 that one of your affiliates provided services --  
19 2825407 Ontario Inc. provided services for CIS  
20 implementation; right?

21 M. YACKOUB: Correct.

22 J. SHEPHERD: And that was part of the cost,  
23 which is now in rate base; right?

24 M. YACKOUB: That is correct.

25 J. SHEPHERD: And it was \$250,000?

26 M. YACKOUB: Approximately, yes.

27 J. SHEPHERD: Well, was it \$250,000, or was it a  
28 different number?

1 M. YACKOUB: It wasn't exactly \$250,000. It was  
2 approximately 250.

3 J. SHEPHERD: Okay. So this -- when it says the  
4 cost was \$250,000, that is not true?

5 M. YACKOUB: I believe it should say  
6 "approximately." I don't know the exact number.

7 J. SHEPHERD: Okay. Because I was going to ask  
8 you, if this was cost, how did cost get to be to such  
9 a round number?

10 M. YACKOUB: Yeah. I believe that should be  
11 approximately \$250,000.

12 J. SHEPHERD: Okay. Thank you.

13 And so 2825407 is a metering and  
14 connect/disconnect company, so how did they help you  
15 with your CIS?

16 M. YACKOUB: They provided effectively staff  
17 augmentation. So we needed extra staff to gain the  
18 knowledge and to stabilize the system. So it was  
19 effectively staff augmentation.

20 J. SHEPHERD: So they have their own separate  
21 staff?

22 M. YACKOUB: Yes, they have their own staff.

23 J. SHEPHERD: IT staff?

24 M. YACKOUB: No. They were hired in the company  
25 to provide staff augmentation. So they wouldn't be  
26 IT staff. They would be billing staff.

27 J. SHEPHERD: Oh. Oh, but I thought your  
28 billing was outsourced?

1 M. YACKOUB: It is. So we have no in-house  
2 knowledge of billing, and that is why we needed to  
3 get staff augmentation to help us implement the CIS.

4 J. SHEPHERD: And the affiliate hired those  
5 people instead of the LDC why?

6 M. YACKOUB: That was the most cost-effective  
7 way to do it.

8 J. SHEPHERD: Because the people cost more if  
9 they come to the utility?

10 M. YACKOUB: It was a short-term position, and  
11 so we needed basically staff augmentation, and that  
12 was the most cost-effective way to get staff  
13 augmentation.

14 J. SHEPHERD: Yeah, I am trying to understand  
15 why it could be the most cost-effective.

16 M. YACKOUB: Instead of hiring in the utility?

17 J. SHEPHERD: Yeah. If you need somebody  
18 temporarily, you go to the market, you find somebody  
19 who is willing to work for the next six months on  
20 this project. Presumably that is what the affiliate  
21 did; right?

22 M. YACKOUB: The affiliate, yeah, went out and  
23 hired people.

24 J. SHEPHERD: Okay. And then they charged you a  
25 markup?

26 M. YACKOUB: No.

27 J. SHEPHERD: So -- well --

28 M. YACKOUB: I believe it was at fully allocated

1 cost.

2 J. SHEPHERD: Oh, was it? Can you undertake to  
3 confirm that, please. My understanding was they were  
4 charging you market for that stuff.

5 M. YACKOUB: No -- oh.

6 A. TANG: I think per Ms. Filion's opening  
7 remark as part of the corrections --

8 J. SHEPHERD: I can't hear you.

9 A. TANG: Can you hear me?

10 J. SHEPHERD: Yes.

11 A. TANG: As part of the explanation in the  
12 corrections, we did address it is under fully  
13 allocated cost.

14 J. SHEPHERD: So they hired more people, and  
15 then they allocated some of their common costs to  
16 those -- to the costs of those people -- the normal  
17 uplift, and charged you that; is that right?

18 A. TANG: By definition of "fully allocated  
19 cost," correct.

20 J. SHEPHERD: So then why wouldn't it be cheaper  
21 to just hire them directly? I just don't get it. I  
22 am sorry. Maybe I am being dense today.

23 M. YACKOUB: We are able to get more competitive  
24 rates in this way, and it was cheaper. So we were  
25 trying to get it as cheap as possible for the  
26 ratepayer, the customers, and this was the most cost-  
27 effective way. We are able to get better rates out  
28 of the affiliate than out of the utility.

1 J. SHEPHERD: You would have had to pay the  
2 employees more than the affiliate paid them?

3 M. YACKOUB: It is possible, yeah.

4 J. SHEPHERD: That sounds weird. Okay. I just  
5 don't understand that, but that is okay. Obviously I  
6 am being dense. I will go on.

7 I want to ask you about one more thing on this,  
8 and that is the paperless field initiative. This is  
9 automating your field operations, which is a common  
10 problem in utilities; right? And, in fact, many LDCs  
11 in Ontario have gone paperless in their field  
12 operations; right?

13 M. YACKOUB: As I understand it, yes.

14 J. SHEPHERD: Okay. So what you are doing is  
15 not new; it is just catching up?

16 M. YACKOUB: Correct.

17 J. SHEPHERD: Okay. And that is done already?  
18 You have already implemented that?

19 M. YACKOUB: No.

20 J. SHEPHERD: Oh.

21 M. YACKOUB: So that is in the business  
22 transformation plan. We have a multi-year plan to  
23 move different processes over to paperless.

24 J. SHEPHERD: Okay.

25 Now, I just want to understand. You say:

26 "Business transformation is achieved by  
27 performing full business process documentation  
28 analysis and optimization." [As read]

1           And I'm -- that sounded like double-speak to me,  
2   and I want you to just explain it in sort of normal  
3   words that are fewer syllables, if you could, please.  
4   What does that mean?

5           M. YACKOUB: I will try. It wasn't intended to  
6   be double-speak but --

7           J. SHEPHERD: Oh, I am not saying anything  
8   pejorative. It just -- I literally didn't get it.

9           M. YACKOUB: So the idea -- and we did this with  
10   the CIS project -- is that we document business  
11   processes, every business process associated with the  
12   -- say, the paperless initiative, document the  
13   workflow from start to finish, and identify areas of  
14   optimization or automation, and then reengineer the  
15   process.

16          J. SHEPHERD: But this is what you have to do --  
17   whenever you automate anything, you have to do a  
18   workflow of what you are doing now, and then figure  
19   out how you make that better through automation;  
20   right? It is normal practice; right?

21          M. YACKOUB: Yeah. Not just automation, but any  
22   optimization.

23          J. SHEPHERD: Okay. So this is not anything  
24   unique. It is just how you do big automation  
25   projects.

26          M. YACKOUB: Yeah. It is not novel, if that is  
27   what you mean. We are not doing R&D or anything like  
28   that. What this is is that we are using these

1 projects to actually engage in that exercise of  
2 optimizing the processes.

3 So just like the ERP and the CIS, we are using -  
4 - instead of -- the typical process would be you hire  
5 a consultant to do this for you --

6 J. SHEPHERD: SAP?

7 M. YACKOUB: Yes.

8 J. SHEPHERD: And charge a lot of money?

9 M. YACKOUB: That is right. And so we are  
10 trying to do it in a more cost-effective way by using  
11 these software projects to do that as part of the  
12 project as we are engaging in these redesigns.

13 J. SHEPHERD: So the simple -- the simple  
14 version of this is when we did these projects, we did  
15 them properly?

16 M. YACKOUB: No. Not every software upgrade  
17 comes with a business -- full business process  
18 analysis.

19 J. SHEPHERD: Okay. Now, you talked about these  
20 many other technology upgrades that you have done,  
21 financial software, SCADA, OMS, GIS, phone system,  
22 self serve, meter data management, customer portal,  
23 and new networking equipment and servers. Plus  
24 cybersecurity.

25 That was sort of normal course of business, you  
26 had to do those things; right? They are something  
27 that you have to do on a regular basis; right?

28 M. YACKOUB: Correct. The differentiating

1 factor there was that I was trying to point out that  
2 most of those systems were already out of support  
3 before we were able to replace them. So we were  
4 quite a bit behind.

5 J. SHEPHERD: They had been left too long.

6 M. YACKOUB: Absolutely. Well, out of support  
7 is an operational and cybersecurity risk, and the  
8 reason was just no capacity.

9 J. SHEPHERD: Okay. Now, when you brought in  
10 new networking equipment and servers, that means you  
11 don't have to do that for a while; right?

12 M. YACKOUB: That is right. You don't have to  
13 do mass replacements for a while, but there is still  
14 incremental work and upgrades that you have to do  
15 continually.

16 J. SHEPHERD: Okay. Because I thought I saw a  
17 whole lot of networking equipment and servers in your  
18 capital plan.

19 M. YACKOUB: That is right. So when it is out  
20 of support, we have a capital project to replace it.

21 J. SHEPHERD: But didn't you just do that?

22 M. YACKOUB: Unfortunately, it keeps coming up.  
23 They keep getting old and out of support, and so we  
24 have to keep replacing them.

25 J. SHEPHERD: Okay. Now, just as an aside -- I  
26 am going to come back to this later, but as an aside,  
27 you are still keeping a server farm at your facility  
28 even though you are likely to move some of your major

1 applications to cloud; right?

2 M. YACKOUB: No. We are not likely to move. So  
3 the only one, really, right now that is on the table  
4 is the ERP. Whether we will go on-prem or in cloud,  
5 we haven't decided yet. But many of the other  
6 applications are on-prem right now, so the CIS, you  
7 know, our meter data management, some of the high  
8 volume ones.

9 And there are some that will likely never move  
10 to cloud, at least in the foreseeable future, like  
11 SCADA and outage management, for security reasons.

12 J. SHEPHERD: Clearly. Okay. All right. I  
13 want to move to the comments you have made on the  
14 capital plan. This is you, I guess, Mr. Weatherbee.

15 And so you talk about significant advances have  
16 been made in capital planning, asset management, and  
17 operational -- program efficiency.

18 In simple terms, how have you evolved your  
19 capital planning? How has it changed over the last  
20 few years as part of this business transformation?

21 M. WEATHERBEE: We implemented a new strategic  
22 asset management strategy.

23 J. SHEPHERD: Okay. Which means?

24 M. WEATHERBEE: Which means we put new processes  
25 together to create a new strategy for asset  
26 management that was not in place prior at Oshawa  
27 Power.

28 J. SHEPHERD: So how did you do it before and

1 after? Like, you were doing -- you were doing asset  
2 management before this change.

3 M. WEATHERBEE: Yes. This is a --

4 J. SHEPHERD: And now you are doing it  
5 afterwards. What is the change?

6 M. WEATHERBEE: The change is better  
7 prioritization. The change is better asset  
8 management in general. Do you want -- maybe I will  
9 pass to Mr. Ganapathy for -- if you would like a good  
10 overview of that.

11 A. GANAPATHY: The main change started at the  
12 ACA level. The last 2018 ACA, the asset condition  
13 assessment, was only condition-based, and it didn't  
14 have an impact factor associated with it. And as  
15 part of the settlement proposal, Oshawa Power agreed  
16 to have an asset risk-based prioritization, which was  
17 what was incorporated at the ACA level.

18 So at that point, each asset category got  
19 categorized for recommendations based on risk, which  
20 includes the probability of failure, which is  
21 condition-based, and then impact that comes with how  
22 the assets are tied together.

23 J. SHEPHERD: Sorry. Is impact that mandatory,  
24 critical, or -- what was the other one that starts  
25 with "V"? I don't remember. The three categories  
26 that we saw in the options analysis, is that impact?

27 A. GANAPATHY: No, that isn't. And I can get to  
28 that in a second. I am going to give you a quick

1 overview of everything that changed --

2 J. SHEPHERD: Perfect.

3 A. GANAPATHY: -- and then I can get into the  
4 mandatory, critical, and vital. I am just going to  
5 write that down.

6 So beyond that, like Mr. Weatherbee mentioned,  
7 we implemented the Strategic Asset Management Plan  
8 which then takes another layer into account where it  
9 combines all of the internal needs, external needs,  
10 and basically anything that comes in the needs  
11 assessment phase gets into the planning phase, gets  
12 projects and programs created.

13 And then those programs and projects are  
14 prioritized within the envelope to show if something  
15 like a system access reactive project comes in, where  
16 it needs to displace another investment, you can use  
17 this prioritization methodology to make those sorts  
18 of decisions.

19 And to answer your question on mandatory,  
20 critical and vital, the asset condition assessment  
21 has condition-based and impact-based outcomes that it  
22 included in its recommendations.

23 So within those recommendations as well, there  
24 would have been tiers of -- so let's say as an  
25 example, poles. There would be poles that are very  
26 poor in condition and have a very high impact, which  
27 would put them at the very top of the risk priority.

28 And then there would have been some that are,

1 let's say, fair and then high risk or fair and  
2 moderate risk, which may also have been recommended  
3 for replacement within the ACA.

4 So there was a filtering process done at the  
5 asset level which brings into account the mandatory,  
6 critical, and vital equipment, where all of the  
7 mandatory would be system access, which is just  
8 obligations of the LDC that we have to provide  
9 service to the customers.

10 Critical would be everything that is identified  
11 within the ACA, as well as operational efficiencies  
12 to mitigate risks. And vital focused more on the  
13 business transformation aspect of it and general  
14 plant items. So that is the distinguishment. And  
15 that's --

16 J. SHEPHERD: Okay. And mandatory, I  
17 understand. Mandatory --

18 A. GANAPATHY: Sorry, just to complete --

19 J. SHEPHERD: Sorry, go ahead.

20 A. GANAPATHY: -- the sentence there.

21 So that is all indicated in attachment 2-11,  
22 about the breakdown between what is included in each  
23 of those mandatory, critical, and vital equipment.

24 J. SHEPHERD: I saw that, and that is why I am  
25 asking the question because I didn't understand it.

26 A. GANAPATHY: I understand.

27 J. SHEPHERD: But if I understand what you just  
28 said, mandatory is somebody told you you have to do

1 it, so you have to do it; you don't have a choice?

2 A. GANAPATHY: Not because somebody told us to  
3 do it, but because it is a regulatory body that we --  
4 our licensure depends on it. So in that sense, yes.

5 J. SHEPHERD: Okay. But you don't have a  
6 choice, is the point.

7 A. GANAPATHY: That is correct.

8 J. SHEPHERD: Then critical is your ACA has  
9 assessed some combination of condition and risk level  
10 that means this is high up there. It is something  
11 that really has to get done sooner rather than later.

12 A. GANAPATHY: Correct. So the ACA would be one  
13 aspect of the input, and the other internal needs  
14 gathering assessments would feed into this critical  
15 project as well.

16 J. SHEPHERD: Oh, so are there critical things  
17 that are not replacement of assets that are falling  
18 apart? That are something different than that?

19 A. GANAPATHY: There is one more that I can  
20 point you to, which is the new feeders from MS9  
21 project, which accounts for growth. So it is still  
22 reactive to customer growth; however, is not directly  
23 a system access project. So it is still considered  
24 critical, but it is not an ACA output.

25 J. SHEPHERD: So -- because the ACA only deals  
26 with stuff that you are replacing; right?

27 A. GANAPATHY: That is correct.

28 J. SHEPHERD: So if you have new feeders that

1 you are building from a municipal station, if you  
2 have customers already there that need attachment,  
3 that is mandatory; you have to do it?

4 A. GANAPATHY: That is correct.

5 J. SHEPHERD: If you don't have customers there,  
6 but you are expecting in the future that there is  
7 going to be growth there, that is critical?

8 A. GANAPATHY: How we have categorized it,  
9 correct.

10 J. SHEPHERD: Okay. And then the next level is  
11 -- is there anything else that is critical. Like,  
12 something like your ERP system, is that critical?

13 A. GANAPATHY: Just from looking at the page  
14 that has critical projects in attachment 2-11 --  
15 could we pull that up? So in this list, ERP is not  
16 part of it.

17 J. SHEPHERD: Okay. So then that -- everything  
18 else that you want to do is vital equipment; right?

19 A. GANAPATHY: That is correct.

20 J. SHEPHERD: There is no list of "nice to  
21 have"?

22 A. GANAPATHY: Unfortunately, we could not  
23 afford a "nice to have" envelope in this cost of  
24 service application because the conversations around  
25 the building and considerations for a substantial  
26 cost was taken into account very early in the  
27 planning process, which is why this was created.

28 J. SHEPHERD: All right. And by the way, where

1 is the building in this? The building is vital  
2 equipment?

3 A. GANAPATHY: No. I am going to pass that on  
4 to Mr. Weatherbee.

5 M. WEATHERBEE: Yeah. The building is not in  
6 this DSP.

7 J. SHEPHERD: No, I understand it is not in the  
8 DSP, but what category is it in?

9 M. WEATHERBEE: It is not categorized within  
10 this.

11 J. SHEPHERD: It is not mandatory; right?

12 M. WEATHERBEE: It is mandatory.

13 J. SHEPHERD: Oh. So mandatory includes things  
14 that you believe you have to do regardless of whether  
15 you have a regulatory requirement to do them?

16 M. WEATHERBEE: Not mandatory with respect to  
17 these capital envelopes, no.

18 J. SHEPHERD: So then is it critical, or is it  
19 vital?

20 M. WEATHERBEE: We use these categories for our  
21 distribution system only. This is not -- and our  
22 distribution system related projects.

23 J. SHEPHERD: Like vehicles and major tools and  
24 facility general and computer hardware? I don't  
25 know, it sounds like the building belongs somewhere  
26 on this list.

27 V. BENNETT: The building was just addressed  
28 separately from this, but it was fully part of the

1 considerations. As you can see at two slides lower  
2 than this -- there are no page numbers on this  
3 document -- when we were establishing the envelopes  
4 that my colleagues described, we specifically refer  
5 to the building and land as something we were working  
6 around. But it does not --

7 J. SHEPHERD: Sorry. Where is that?

8 V. BENNETT: It is the summary options for 2026  
9 asks. It's up on the screen.

10 J. SHEPHERD: Yeah, I am seeing it. I am  
11 looking for a building reference, so maybe I am just  
12 missing it.

13 V. BENNETT: Yeah. So there is -- so if you  
14 will see the last category, the one we didn't select,  
15 which included an ACM for a new station, that is  
16 where we ruled it out despite having to omit some  
17 items that we identify in the next page because we  
18 were planning around financing for the building.

19 J. SHEPHERD: Okay. I still don't see where  
20 you're talking about -- about the building.

21 V. BENNETT: So if you look at -- so the fourth  
22 option.

23 J. SHEPHERD: That's the one you didn't choose,  
24 yeah.

25 V. BENNETT: That is correct, yeah. If you look  
26 at -- there is description, benefits, risks. There  
27 was a risk here about the financing specifically,  
28 which is why we did not select this envelope.

1 J. SHEPHERD: Because you already had bought the  
2 building, and you already had financed that?

3 V. BENNETT: No. We are making plans for it.

4 J. SHEPHERD: It is a financing issue. It is --  
5 we won't be able to borrow this much money; right?

6 A. TANG: I believe the land and the buildings  
7 are being considered here as part of the options for  
8 a capital plan. It is an ongoing financing issue,  
9 you are correct, because these are things that we --  
10 from a financial standpoint, these are things that we  
11 look at constantly to make sure that we have adequate  
12 resources for it.

13 J. SHEPHERD: So that is what confuses me here.  
14 I looked at this options analysis up and down and  
15 sideways, and I didn't see you ever looking and  
16 saying, well, we are going to spend X dollars -- what  
17 is the number? Now I have it -- we are going to  
18 spend -- let's say it is \$70 million.

19 Let me just see if I can get the number right.  
20 I can't find it in the stuff that was sent, but --  
21 oh, here it is. Here it is.

22 We are going to spend \$61 million on the  
23 building, and -- and so we got to make room for that  
24 somewhere in our capital plan. How are we going to  
25 do that? I don't see that anywhere in this slide  
26 deck. Can you help me out with that?

27 A. GANAPATHY: Like I was describing earlier,  
28 Mr. Shepherd, the building was always an overarching

1 condition in the distribution planning exercise. It  
2 is not explicitly mentioned here with the value.

3       However, we knew it was going to be a  
4 substantial ask, and which is why we have included  
5 the omissions in the next slide that add up to, I  
6 believe, around 29.21 million, and the station  
7 deferral as well, which is mentioned in the previous  
8 -- a previous slide.

9       J. SHEPHERD: Mr. Ganapathy, you were increasing  
10 your capital budget for the next five years from 60  
11 million -- some 69 million to 80 million. And your  
12 list came in at 110 million, so you had to reduce it  
13 by 30 million. That had nothing to do with the  
14 building. The building is on top of that; isn't that  
15 right?

16       A. GANAPATHY: Passing this on to Ms. Bennett.

17       V. BENNETT: As Mr. Ganapathy said, the building  
18 has been a consideration the whole time. The  
19 envelopes were a way for us to build the distribution  
20 system plan, and that is what we used. But this was  
21 very much considering the financing that was expected  
22 -- the financing that was needed for the building, so  
23 that was incorporated in the -- the decision to omit  
24 the items that we did.

25       J. SHEPHERD: Because of the financing?

26       V. BENNETT: Because of the cost of the  
27 building.

28       J. SHEPHERD: But you yourself said that those

1 costs, the building costs, are "outside of the base  
2 upon which rates are derived," magically similar to  
3 what the Board policy says.

4 And so if it is outside the base, then how was  
5 it related to your capital plan? See, your capital  
6 plan never talks about how the building affected it.  
7 This never talks about how the building affected it.

8 So where is your evidence that you actually did  
9 that? You are saying now, well, you considered it,  
10 but I don't see anything. Nothing.

11 V. BENNETT: As Mr. Weatherbee described in his  
12 opening remarks, finance and operations work together  
13 to establish envelopes. Finance was making plans for  
14 the cost of the building. The operation side was  
15 focused on the distribution system plan and  
16 prioritizing within the envelopes that the  
17 organization could maintain for capital.

18 J. SHEPHERD: So you didn't push any projects  
19 aside because you needed to make room for the  
20 building because you were increasing your capital  
21 plan anyway?

22 V. BENNETT: Well, as you can see here, we are  
23 establishing envelopes. We looked at several  
24 different options, and we actually omitted a number  
25 of projects, including the \$15 million new station as  
26 well as these 30 million of omissions.

27 So we absolutely did plan for this, and the  
28 operations folks focused on the envelopes that they -

1 - that we could work within.

2 J. SHEPHERD: All right.

3 I wonder if you could turn to page 65 of our  
4 compendium. And in F, you say:

5 "Options analysis relating to the building will  
6 be provided in the ICM application." [As read]

7 Well, but you are saying this 2-11 is the  
8 options analysis that included the building. But in  
9 this answer, you are saying, no, we are going to  
10 provide it later. So which is it?

11 V. BENNETT: So we did provide attachment 1-3,  
12 which is Cushman & Wakefield's report.

13 J. SHEPHERD: Yes.

14 V. BENNETT: Which provided the comparisons and  
15 options that were considered. Maybe we can --

16 J. VELLONE: Apologies, Mr. Shepherd and  
17 Commissioners. We appear to have lost the  
18 technology, and I am not sure if we are streaming  
19 anymore online. I just --

20 J. SHEPHERD: We are not.

21 J. VELLONE: We've lost all our screens in the  
22 room.

23 COMMISSIONER MORAN: All right. We will take a  
24 break. We are pretty close to the scheduled break,  
25 anyway.

26 J. SHEPHERD: I am ready for that.

27 COMMISSIONER MORAN: Thanks. As long as it  
28 takes to get us back online, at least 15 minutes.

1 --- Recess taken at 2:38 p.m.

2 --- Upon resuming at 3:02 p.m.

3 COMMISSIONER MORAN: Thank you. Please be  
4 seated.

5 Mr. Shepherd, just a quick time check.

6 J. SHEPHERD: We just had a long talk about that  
7 during the break, and I am going to try to end with  
8 just enough time for Mr. Ladanyi to squeeze in before  
9 the end of the day.

10 COMMISSIONER MORAN: Okay. That is what I  
11 wanted to check because I know that Mr. Ladanyi has  
12 got a conflict tomorrow, so -- okay. That is great.

13 J. SHEPHERD: I may talk fast. I am sorry.

14 J. VELLONE: Before my friend gets started,  
15 Commissioner Moran, if I may.

16 Just shortly before 3:00 p.m., Mr. Boyle was  
17 able to file and circulate to the parties what we  
18 believe are copies of all of the materials that have  
19 been ordered to be made public. Please allow me the  
20 evening to double-check that --

21 COMMISSIONER MORAN: Yeah, that's --

22 J. VELLONE: -- for completeness.

23 COMMISSIONER MORAN: That is great.

24 J. VELLONE: But it is -- it does include all  
25 the materials that Mr. Shepherd intended to reference  
26 in his compendium.

27 I was wondering if we could get that material  
28 marked as an exhibit so that people could make

1 reference to it today.

2 L. MURRAY: Sure. That will be Exhibit K1.5.

3 **EXHIBIT K1.5: COPIES OF ALL MATERIALS THAT HAVE**  
4 **BEEN ORDERED TO BE MADE PUBLIC**

5 J. VELLONE: Thank you very much.

6 COMMISSIONER MORAN: Thank you. And take the --  
7 take some time out from the baseball game tonight to  
8 double-check that for us.

9 J. SHEPHERD: Do we get to watch the baseball  
10 games? Nobody told me.

11 Okay. So, witnesses, I want to move to the  
12 business transformation. You've talked about it in a  
13 fairly broad-brush way. The first obvious question  
14 is -- normally the architect of a new strategy shows  
15 up to defend it. So my question is, is there a  
16 reason why the CEO is not here?

17 V. BENNETT: Mr. Arbour's entrusted the six of  
18 us to speak to the application as the primary authors  
19 and best able to answer the questions within the  
20 application.

21 J. SHEPHERD: So the business transformation  
22 strategy, was it his originally? He initiated it?

23 V. BENNETT: Mr. Arbour leads the group of  
24 companies, including development of the strategy.  
25 The business transformation, yeah, was authored by  
26 Mr. Yackoub.

27 J. SHEPHERD: So that is the IT strategy. I am  
28 not asking about that. I am asking about the

1 business transformation strategy, which is a broader  
2 -- you talked about modernizing the utility.

3 V. BENNETT: If you are referring to the 2025 to  
4 2030 strategy, yes, that was Mr. Arbour's lead.

5 J. SHEPHERD: Okay. The -- I assume that when  
6 it was presented to the City, he appeared -- that  
7 strategy? Does anybody know?

8 V. BENNETT: I would assume so, but I don't know  
9 offhand.

10 J. SHEPHERD: Thank you. Can you undertake to  
11 find out?

12 V. BENNETT: Yes.

13 L. MURRAY: Is that a yes? I didn't --

14 V. BENNETT: Yes.

15 COMMISSIONER MORAN: Mr. Shepherd, just before  
16 we mark that as an undertaking, I am just curious  
17 what turns on this particularly --

18 J. SHEPHERD: I am going to argue that --

19 COMMISSIONER MORAN: -- for our purposes?

20 J. SHEPHERD: I am going to argue that the Board  
21 should reach an adverse inference from the fact that  
22 the architect of the strategy was unwilling to appear  
23 before them, and yet did at the City, which arguably  
24 has less control over the utility than you do.

25 COMMISSIONER MORAN: Again, just wondering how  
26 this relates to setting just and reasonable rates. I  
27 mean, we have to deal with the evidence to -- that is  
28 being -- that is being put in front of us to

1 determine if the Applicant has met its burden of  
2 proof to -- so that we can say what they are asking  
3 for is just and reasonable.

4 And in the absence of that, we will look at  
5 other versions of just and reasonable rates.

6 J. SHEPHERD: I agree. And I am not suggesting  
7 that the Applicant is not fully within their rights  
8 to have this panel of witnesses show up to defend  
9 their strategy. Of course they are.

10 But it goes to the credibility of their argument  
11 that this was all necessary and that the company has  
12 a vision and all that stuff if the person with that  
13 vision isn't willing to show up.

14 COMMISSIONER MORAN: Just a moment, okay?

15 We won't require the undertaking, Mr. Shepherd.

16 J. SHEPHERD: Okay.

17 So in the business transformation, does that  
18 include the building? Was that part of the business  
19 transformation?

20 V. BENNETT: Are you referring to the strategy  
21 document?

22 J. SHEPHERD: I am not referring to the  
23 document. I am referring to the -- Mr. Arbour came  
24 in in April 2023, and he had a plan, a vision for the  
25 direction of the company and started to implement it.  
26 We know that. That is on the record.

27 I'm -- the first thing he did, appears, was he  
28 got Cushman & Wakefield to do a study, so presumably

1 the building was part of that strategy. I am asking  
2 if that is correct?

3 M. YACKOUB: Mr. Shepherd, just for  
4 clarification, I think you may be conflating the  
5 business transformation strategy that we filed and  
6 largely centres around technology and has a couple of  
7 other issues in it such as staff performance and  
8 things like that with the business plan.

9 So those are two different things. So the  
10 business transformation strategy is what we filed in  
11 Exhibit 1.

12 J. SHEPHERD: Ms. Bennett in her opening  
13 statement talked at length about modernizing the  
14 utility, including the new strategy and business plan  
15 and a whole lot of other things that have nothing to  
16 do with IT.

17 So is that -- that not the business  
18 transformation? Am I mixing things up?

19 M. YACKOUB: So the business transformation  
20 strategy -- yes, I think you are conflating two  
21 different things. The business transformation  
22 strategy is what we filed in Exhibit 1. Everything  
23 else I think you are referring to is just the  
24 business plan.

25 J. SHEPHERD: So I asked you specifically, is  
26 this a transformation, does -- is it an IT-only  
27 thing? And you said, no, there is other things too.

28 M. YACKOUB: That is right. But --

1 J. SHEPHERD: It is on the record. So what is  
2 it?

3 M. YACKOUB: So you wouldn't conclude that there  
4 are other things, meaning that it is all-encompassing  
5 either; right? So it doesn't mean that everything is  
6 part of business transformation.

7 J. SHEPHERD: Okay. The goal, though, of all of  
8 this stuff, whether you call it a business plan or a  
9 business transformation or whatever, is to modernize  
10 and make the utility -- make this utility act like a  
11 larger, more sophisticated entity; isn't that right?

12 M. YACKOUB: Sorry. Are you referring to the  
13 business transformation strategy or just the general  
14 business plan?

15 J. SHEPHERD: No, the business plan, if you  
16 like. Whatever you call it.

17 V. BENNETT: If we turn to the business plan,  
18 there were numerous objectives. One of those are IT  
19 transformation, and the IT business transformation  
20 strategy is specifically referred to in the business  
21 plan, but it has got a number of things. We need to  
22 continue to provide reliable electricity. That is  
23 also in our business plan.

24 So we are modernizing, but we have a lot to do  
25 as well. And that is why in my remarks, I talked  
26 about not just modernizing, I talked about meeting  
27 customer demand as well as regulatory requirements.  
28 And so --

1 J. SHEPHERD: My impression from reading all of  
2 this stuff together, it is sort of an intuitive  
3 impression, if you like, was that it was about -- it  
4 was about acting like the larger utility you are  
5 going to be growing into the future. Is that not  
6 correct?

7 I am not asking for what the business plan says.  
8 I am asking for what you think.

9 V. BENNETT: You are asking for my opinion?

10 J. SHEPHERD: Yeah. I mean, you are one of the  
11 people responsible for implementing this; right?

12 V. BENNETT: Yeah, but I am speaking to facts on  
13 the record. And if I look at the strategy and  
14 business plan, we are planning and modernizing  
15 numerous pieces including the ones that Maged Yackoub  
16 discussed, things like getting away from paper-based  
17 systems. So there is a lot of work to do here.

18 And this is about serving our customers and  
19 being able to need -- do what we need to do to run  
20 our business now and in the future.

21 J. SHEPHERD: So why was the business  
22 transformation implemented in the first place? Did  
23 customers ask for this? Or did the City ask for it?

24 Or did the new CEO decide this is what he wanted  
25 do? Whose idea was it to transform the business?

26 V. BENNETT: So I mentioned in my opening  
27 remarks that a new senior management team was  
28 developed to address numerous issues. We talked

1 about turnover. We talked about antiquated systems.

2 And so these are things that needed to be done,  
3 and the new senior management team was established  
4 and have gotten started straight away.

5 J. SHEPHERD: Okay. And the new senior  
6 management team had some sort of visioning sessions,  
7 as it were -- I love that term -- to understand, to  
8 get on the same page about the direction you were  
9 going in. Is that right?

10 V. BENNETT: I just had to confer with my  
11 colleagues because a lot of that work predates my  
12 time there, but, yes, it did include those types of  
13 sessions.

14 J. SHEPHERD: Were there materials produced out  
15 of that? Like, they -- like, here is what we talked  
16 about, and here is the vision we are presenting?  
17 Right at the beginning.

18 I am not talking about the strategic plan that  
19 came out of it later. I am talking about what that  
20 vision was that started this.

21 V. BENNETT: So we did produce some of these  
22 documents in response to the motion. Just give me a  
23 second to find it.

24 Okay. So I am going to refer you to a September  
25 26th letter from BLG where we provided exactly this  
26 at your request, Mr. Shepherd.

27 So we provided several new documents, including  
28 the PESTEL analysis, which was one of the analyses

1 that was done that informed -- ultimately informed  
2 the strategy, and another presentation done by an  
3 outside party. So those are already been filed.

4 J. SHEPHERD: Bob Wong. This is the Bob Wong  
5 report?

6 V. BENNETT: That is right.

7 J. SHEPHERD: Okay. I wasn't asking about  
8 those. I have those, and I am going to ask you  
9 questions about those. I am asking about the senior  
10 management team's combined vision. Because you would  
11 have met and talked about this, right, and figured  
12 out, where are we going?

13 We got this new team, what are we going to do?  
14 I see Mr. Weatherbee nodding because, of course, that  
15 is what you do; right?

16 M. WEATHERBEE: So, yes, Mr. Shepherd, we did  
17 meet as a new senior management team to discuss our  
18 strategy for 2025 through 2030.

19 J. SHEPHERD: Okay. And that was in 2023,  
20 actually; right? Your first discussions about that,  
21 your first discussions of the vision, were when Mr.  
22 Arbour came in.

23 M. WEATHERBEE: That would have began in 2023,  
24 our initial discussions, yes.

25 J. SHEPHERD: Okay. And I am asking are -- is  
26 there documentation of that -- what that -- the  
27 vision that came out of that, or was it simply  
28 evolving over time?

1 M. WEATHERBEE: It evolved into our strategic  
2 direction that you see on the evidence.

3 J. SHEPHERD: All right. So the customers  
4 didn't come to you and say, hey, we want you to  
5 modernize this system; right? That is not what  
6 happened.

7 V. BENNETT: So we have actually done customer  
8 engagement, and we provided that in Exhibit 1. There  
9 is three surveys that we provide that were done -- I  
10 have to just grab the exact dates.

11 J. SHEPHERD: You have surveys prior to the  
12 business transformation?

13 V. BENNETT: I just need to check the date  
14 because it was before I started.

15 Okay. If I can refer you to page 58 of Exhibit  
16 1. So we do discuss here how we do biannual  
17 satisfaction surveys, so we do have a pulse of what -  
18 - it is actually called "utility pulse," an idea of  
19 the issues that do concern our customers.

20 And so this study was last completed in 2023 and  
21 helped identify key priority planning areas. So I  
22 will bring you to page 61 of Exhibit 1.

23 J. SHEPHERD: So your business transformation  
24 was based on this?

25 V. BENNETT: I believe it included it as an  
26 input.

27 J. SHEPHERD: Oh, just one of the inputs, okay.

28 V. BENNETT: Yes.

1 J. SHEPHERD: How did you consider in -- and  
2 maybe this is for you, Mr. Weatherbee, since you were  
3 there. How did you consider the issue of  
4 affordability for your customers in looking at your  
5 new vision of the -- or the senior management's teams  
6 new vision of the utility? How did you consider  
7 affordability?

8 M. WEATHERBEE: It is one of our key  
9 foundations, controlling cost at a reasonable rate  
10 for our customers.

11 J. SHEPHERD: So did you set a limit on how much  
12 you can spend to transform the business based on how  
13 much your customers can afford?

14 V. BENNETT: We leverage the OEB's total cost --

15 J. SHEPHERD: Sorry. I was asking Mr.  
16 Weatherbee about those early meetings that you  
17 weren't in.

18 M. WEATHERBEE: So I will pass that to Ms.  
19 Bennett.

20 J. SHEPHERD: She wasn't there. I am asking  
21 you. In those early meetings, did you set a limit on  
22 how much you could spend?

23 M. WEATHERBEE: Yeah, as part of a strategy  
24 documentation, it states that we will control costs  
25 at a reasonable rate for our customers.

26 J. SHEPHERD: So you -- did you actually look at  
27 sort of, we could spend this much, and we could get  
28 this far this fast? We could spend this lesser

1 amount, but if we do, then it is going to take us  
2 longer or we are not -- we are going to miss some  
3 stuff or whatever. Did you do that?

4 M. WEATHERBEE: We paced and prioritized to  
5 ensure that we kept rates reasonable for our  
6 customers, yes.

7 J. SHEPHERD: It begs the question whether a 35  
8 percent rate increase is reasonable. But let me --  
9 that is too easy. The more important question is --

10 M. WEATHERBEE: So maybe to fully answer your  
11 question, we wanted to ensure we remained a cohort 2  
12 or group 2 utility. So if we are looking for a -- if  
13 you are looking for an actual level, if that is what  
14 you are asking for, that is what -- that was our  
15 level, is to remain cohort 2. Which provides  
16 reasonable rates for our customer.

17 J. SHEPHERD: Okay. Did you set a timeframe for  
18 the changes that you were making to the utility? How  
19 long should it take us to get to a perfect end point,  
20 the place where we want to be?

21 M. WEATHERBEE: Yes. We have timelines within  
22 our strategy direction.

23 J. SHEPHERD: Okay. So we should look to that.  
24 That is the only timelines you have. You don't have  
25 any other information on that, on how you did  
26 tradeoffs, for example? Faster, slower, et cetera?

27 M. WEATHERBEE: Tradeoffs with respect to?

28 J. SHEPHERD: With respect to timing. If you

1 are OPG, you can do things real fast because you have  
2 lots of money. If you are Oshawa Power, you probably  
3 can't.

4 M. WEATHERBEE: That is correct.

5 J. SHEPHERD: And so you have to trade off,  
6 then, we can do this in three years if we spend X.  
7 But if we don't have X, if that is too much, then it  
8 is going to take us five years to spend half X.

9 M. WEATHERBEE: The document is a strategy  
10 document. It doesn't necessarily speak to monetary  
11 and how much money we can spend over the course of  
12 those five, six years.

13 J. SHEPHERD: Yes, but, Mr. Weatherbee, I am not  
14 asking about the document you filed. We can all read  
15 that. I am asking about what you talked about, what  
16 the considerations were that went into your plan.

17 You had a -- you had extensive discussions about  
18 this. You were spending lots of money, hundreds of  
19 millions of dollars. You talked about it a lot. How  
20 did you consider affordability? How did that limit  
21 what you were allowed to do?

22 M. WEATHERBEE: We wanted to ensure that we  
23 maintained our cohort 2 standing.

24 J. SHEPHERD: So that was the -- the upside  
25 limit was, cohort 2, we are okay?

26 M. WEATHERBEE: That was our -- that was our  
27 agreed-to strategy.

28 J. SHEPHERD: All right. I want to turn to the

1 Bob Wong report, and that is at page 79. Actually,  
2 the interesting stuff starts at page 80 of our  
3 material. Many of us know Mr. Wong.

4 And so I wanted -- first, does somebody want to  
5 describe what this report is about? Just summarize  
6 the point of this report.

7 M. YACKOUB: I can. If you can just give me a  
8 minute to get there.

9 J. SHEPHERD: Okay.

10 M. YACKOUB: So we had asked Mr. Wong to engage  
11 in an exercise to review the business and make  
12 recommendations specifically on business  
13 transformation and give us a report on his findings.

14 J. SHEPHERD: Well, he was actually retained by  
15 Mr. Arbour; right? Mr. Arbour arrived in April, and  
16 in May, Mr. Wong gave his report based on what he was  
17 asked to do by Mr. Arbour. Isn't that right?

18 M. YACKOUB: Mr. Arbour, I believe, made the  
19 connection, but I was the one who retained, if I  
20 recall correctly.

21 J. SHEPHERD: Okay. But it was in April?

22 M. YACKOUB: The time --

23 J. SHEPHERD: When Mr. Arbour arrived?

24 M. YACKOUB: Yeah, there was a year difference  
25 but --

26 J. SHEPHERD: A year difference?

27 M. YACKOUB: So this was -- if you look at the  
28 date -- here, let me get to it.

1 J. SHEPHERD: Oh.

2 M. YACKOUB: There it is, May 1st, 2024.

3 J. SHEPHERD: Oh. Okay, well, I am stupid.

4 Wow. Okay.

5 So Mr. Wong came in, and he said to you, if you  
6 look at page 80, the first thing you have to do is  
7 figure out why change is necessary. Which is pretty  
8 straightforward, except people don't do that, which  
9 is why he had to focus on it.

10 And so there is a list of reasons that he has  
11 given here. You agree with those reasons; right?  
12 That is why you needed to change.

13 M. YACKOUB: This was his report. On a high  
14 level, yes, I think it covers some of the reasons.

15 J. SHEPHERD: And these are -- these are a --  
16 are sort of standard truths, if you like, that LDCs  
17 faced. Is that correct?

18 Like, if you went around to any LDC, and you  
19 talked about these different things, you would say,  
20 yeah, they apply to this LDC and this LDC and this  
21 LDC -- pretty well all of them -- or most of them.  
22 Is that right?

23 M. YACKOUB: This particular side, yeah. But he  
24 goes into more detail later that is more --

25 J. SHEPHERD: I am going to talk about that.

26 M. YACKOUB: Okay. So if you mean this  
27 particular slide?

28 J. SHEPHERD: Yeah.

1 M. YACKOUB: Yeah. I think some of these things  
2 are general.

3 J. SHEPHERD: So the reasons for change are  
4 every LDC should change and become better, and here  
5 is why?

6 M. YACKOUB: Presumably every LDC would want to  
7 change for the better, yes.

8 J. SHEPHERD: Okay. Then on the next page --  
9 oh, and by the way, on that page, he says:

10 "Senior management has a clear vision of the  
11 company's aspirations and ambitions." [As  
12 read]

13 And that is sort of the crux of this; right?  
14 You are asking for a bunch more money from your  
15 ratepayers to deliver on those aspirations and  
16 ambitions.

17 Are those described somewhere, your aspirations  
18 and ambitions? Because what he got -- somebody told  
19 him what the vision was; right? How did he get that  
20 information?

21 M. YACKOUB: We gave him our vision and mission  
22 and strategy document, and I believe that is what he  
23 is referring to there.

24 J. SHEPHERD: Okay. This is an earlier version  
25 of your strategic plan?

26 M. YACKOUB: I think so. I would have to check  
27 the dates, though. I think he has -- or it may have  
28 been a revision, but it is fundamentally what we have

1 here.

2 J. SHEPHERD: Okay. So he had nothing more than  
3 that, just the stuff in your strategic plan?

4 M. YACKOUB: No. He did interview various staff  
5 throughout the organization as well.

6 J. SHEPHERD: Okay. Is there a report that went  
7 to him on what are we trying to achieve here?

8 M. YACKOUB: As far as I know, no. He just got  
9 the strategy document. But I don't recall exactly  
10 everything that he asked for.

11 J. SHEPHERD: Now, on the next page, on page 81  
12 of our materials, he says:

13 "City of Oshawa wants a higher ROI and want  
14 higher dividends." [As read]

15 In fact, that is the first expectation that he  
16 lists, those two things. So are you planning big  
17 dividend increases?

18 M. YACKOUB: Just on the high -- so just two  
19 comments there. That is the first thing on this  
20 slide, yes, because it is a shareholder expectation  
21 slide. And I believe the ROI was referring to the  
22 low return on equity that Ms. Bennett and Ms. Tang  
23 referenced at the onset.

24 J. SHEPHERD: Well, that was -- that was 2024,  
25 so he wouldn't have known it then; right?

26 M. YACKOUB: It was low before then as well.

27 J. SHEPHERD: Okay.

28 So -- so the -- I -- that doesn't answer my

1 question, which is are you planning big dividend  
2 increases? Yes or no?

3 M. YACKOUB: I don't know the answer.

4 Ms. Tang.

5 A. TANG: I just want to -- I just want to  
6 reiterate, shareholders do -- it is fair for  
7 shareholders to expect a return. In terms of whether  
8 they will get a big dividend, it all depends on  
9 operations. So I cannot say they will or they will  
10 not.

11 J. SHEPHERD: So, again, nonresponsive to my  
12 question. Are you planning big dividend increases or  
13 not?

14 A. TANG: I believe I addressed that. The  
15 answer is no. At this point, depends on the  
16 operations.

17 J. SHEPHERD: Okay. So that is not true.

18 So take a look at page 23 of our materials,  
19 which is your -- is the parent company's strategic  
20 plan at page 40. And this -- if you take a look at  
21 the upper right -- unfortunately, many of these  
22 things are too small for people as we get older --  
23 you see dividends in 2023, 1.1 million; 1.2 million  
24 the next year; up to 1.6 million in the test year.  
25 But then go down to the next years. Then 2 million  
26 in '27 and 2.5 million after that.

27 So I thought you said you weren't planning big  
28 dividend increases. That is your plan. It is right

1 there.

2 A. TANG: That is the plan subject to the  
3 achievement of the results.

4 J. SHEPHERD: Okay. So you are planning big  
5 dividend increases. You are just -- you have to  
6 deliver on the results in order to achieve that;  
7 right?

8 A. TANG: Yes. Again, I want -- I also wanted  
9 to reiterate, this is a projection, and if you look  
10 at 2024, we did not achieve -- from an ROE  
11 standpoint, we were lower from a -- we are lower in  
12 terms of what we could achieve.

13 So, again, this is a projection, and hence my  
14 initial answer. I cannot answer yes or no at this  
15 point. It is all subject to the results that we can  
16 achieve.

17 J. SHEPHERD: I am sorry. In 2024, you didn't  
18 pay the \$1.2 million dividend?

19 A. TANG: Yes, we did.

20 J. SHEPHERD: Okay. So that is what I was  
21 asking about. What was it you didn't achieve, then?

22 A. TANG: I was comparing to ROE versus the  
23 CAGR.

24 J. SHEPHERD: Oh, okay. Okay. But you still  
25 paid the dividend?

26 A. TANG: Yes, we did.

27 J. SHEPHERD: And as a practical matter -- and I  
28 don't mean this in a pejorative way, because it is

1 not -- your shareholder, the municipality, they rely  
2 on that money for their programs; right? It is part  
3 of their budget. It is a key part of their budget.  
4 It is not, like, a little amount. True?

5 A. TANG: Yes.

6 J. SHEPHERD: Okay.

7 And, in fact, if you go to the previous page,  
8 page 22, you will see that although you are proposing  
9 that the dividends increase substantially, you are  
10 not proposing that the percentage of income that  
11 comes from unregulated activities increases  
12 substantially; right? It is increasing roughly at  
13 the same percentage as income from regulated  
14 operations; isn't that correct?

15 A. TANG: Yes. That is the projection. But,  
16 again, in the unregulated world, there is a lot of  
17 drivers and environmental -- I mean a lot of drivers  
18 that it is out of our control.

19 J. SHEPHERD: Okay. Just --

20 A. TANG: So we cannot guarantee those return  
21 will be achieved.

22 J. SHEPHERD: Just as an aside while we are on  
23 that page so we don't have to come back to it later,  
24 I am looking at the long-term assets, and they are  
25 split between regulated and unregulated; right? The  
26 assets are split between regulated and unregulated;  
27 correct?

28 A. TANG: Are you referring to the 244 million

1 and the 31 million?

2 J. SHEPHERD: Yeah, and so on all the way to 331  
3 and 34. So you see that that is splitting the  
4 assets; right?

5 A. TANG: Yes, correct.

6 J. SHEPHERD: Okay. And I looked at that, and I  
7 thought, where is the building? Because there should  
8 be a big lump there for the building in regulated  
9 assets. I don't see that. Is it in there?

10 A. TANG: Unfortunately, I do not know the  
11 answer to that.

12 J. SHEPHERD: Will you undertake to advise?

13 A. TANG: Yes.

14 L. MURRAY: That will be Undertaking J1.3.

15 **UNDERTAKING J1.3: TO ADVISE WHERE THE BUILDING**  
16 **IS WITHIN REGULATED ASSETS**

17 J. SHEPHERD: Now, I want to move to -- if you  
18 look at page 82, this is back to Mr. Wong's report.  
19 He talks about the growth challenges that you are  
20 facing in -- at Oshawa Power. You see that? Growth  
21 challenges in population and in electricity demand,  
22 you see that?

23 M. YACKOUB: Yes.

24 J. SHEPHERD: It is in the second bullet.

25 M. YACKOUB: Oh, sorry. My mic was off. Yes.

26 J. SHEPHERD: Okay.

27 And so I want to go to page 11 of our materials.  
28 This is page 21 of your Exhibit 1. And will you

1 confirm that your customers have been growing over  
2 the last five years at 1.14 percent CAGR, and your  
3 demand has been declining, and your kilowatt hours  
4 have been increasing at 1 percent CAGR; is that  
5 right?

6 If you want to accept those numbers subject to  
7 check, you can. I realize you may not be able to do  
8 compound annual growth rate in your head, but I  
9 assure you they are accurate. But if you want to  
10 accept them subject to check, that is great.

11 V. BENNETT: Mr. Shepherd, apologies. Can you  
12 just repeat your question, please?

13 J. SHEPHERD: Sure. Your Exhibit 1, page 21,  
14 shows that the increase in customers from '21 to '26,  
15 not including connections obviously, which doesn't  
16 count, customers, is 5.8 percent, which is 1.14  
17 percent compound annual growth rate.

18 Your increase in kilowatts, your demand number,  
19 is actually -- it has gone down over that five years.  
20 And your increase in kilowatt hours at 4.4 percent is  
21 a 1 percent compound interest rate. Will you accept  
22 those numbers subject to check?

23 J. VELLONE: I apologize. I am unable to do  
24 this math in my head. I am wondering if an  
25 undertaking would get you there, Mr. Shepherd.

26 J. SHEPHERD: I am just asking you to accept  
27 them subject to check. It is not really that  
28 difficult. I know you can't calculate them, but if

1 you want to undertake to calculate them, that's okay.

2 J. VELLONE: That might be easier just so we  
3 don't get stuck here.

4 J. SHEPHERD: Okay.

5 L. MURRAY: That will be Undertaking J1.4.

6 **UNDERTAKING J1.4: TO ADVISE WHETHER NUMBERS**  
7 **REGARDING PAGE 21 OF EXHIBIT 1 ARE ACCURATE**

8 J. SHEPHERD: And I guess I wouldn't have  
9 thought that an increase in kilowatt hours of 1  
10 percent a year and customers of 1.14 percent per year  
11 is a high-growth utility. There is lots of other  
12 LDCs in the province that are higher than that. So I  
13 am not sure I understand how you have any growth  
14 challenges that are different than your average LDC.  
15 Do you?

16 V. BENNETT: Sorry. Just one second.

17 Mr. Shepherd, I am sorry. I don't have  
18 familiarity enough with other areas to be able to  
19 compare it to other regions, so whether this is a  
20 higher or lower growth rate than another region.

21 J. SHEPHERD: Does anybody know anything about  
22 how fast you are growing relative to others on your  
23 whole witness panel? You are most of the senior  
24 management team; right? Except for the CEO, you are  
25 pretty well everybody?

26 V. BENNETT: Four of the six executives are on  
27 this panel.

28 J. SHEPHERD: Okay. So does anybody know how

1 your growth compares to other LDCs?

2 V. BENNETT: Mr. Shepherd, we are really focused  
3 on our own LDC and our own system. We are not  
4 familiar and can't really speak to growth rates in  
5 other parts of the province.

6 J. SHEPHERD: Okay. All right.

7 Still on page 83 of the -- or back to page 83.  
8 I am not going to talk about the challenges. They  
9 are sort of obvious, but I -- and you have talked  
10 about them, in any case. But I want to ask about the  
11 two phrases here that are part of your aspirations:  
12 high-performing organization and leader in the energy  
13 sector.

14 And I am wondering, how does that affect your  
15 approach to future spending? Are you investing to  
16 achieve those things?

17 M. YACKOUB: So if I could just go back to the  
18 previous point, I didn't make the connection. I  
19 think you were saying because he put in his report  
20 that we had growth challenges, that it means it's  
21 exceptional. And you are asking us to compare.

22 I believe he -- in the previous slide, the  
23 macroeconomic, he did say Oshawa Power and other  
24 electric utilities will have to make changes to  
25 support growth challenges.

26 So I don't know that the claim was that this is  
27 exceptional. You know, it doesn't change the point  
28 that we haven't benchmarked against other utilities,

1 but I don't think that was his point there. Just  
2 about this question --

3 J. SHEPHERD: Okay. Let me just stop you there  
4 because 1 percent of your customers is 625 new  
5 customers every year. Is that a -- is that a growth  
6 challenge? Do you have difficulty handling that  
7 level of growth?

8 M. YACKOUB: Well, I mean, the -- I think that  
9 would be a question around the DSP and how we are  
10 handling projected growth, but we don't have  
11 difficulty if we are planning and spending  
12 appropriately.

13 J. SHEPHERD: Okay.

14 Go ahead. I interrupted you. You can continue.

15 M. YACKOUB: Yeah, no. I was just -- then the  
16 other one you asked was you said, does being a  
17 trusted partner and a leader in the energy section --  
18 sorry -- sector, under the aspiration section, you  
19 are asking, does that drive spending? Is -- was that  
20 the question?

21 J. SHEPHERD: And high-performing organization.

22 M. YACKOUB: Yeah, I think if we define a leader  
23 in the energy sector being one of the most cost-  
24 effective utilities, then, yes, that influences our  
25 spending.

26 J. SHEPHERD: Oh, is that how you defined it?

27 M. YACKOUB: That is one of the ways, sure.

28 J. SHEPHERD: Oh, okay. I ask that because I

1 looked in the Wong report for any reference to cost  
2 minimization, any reference, and I didn't find one.

3 I didn't find a reference to what is in the best  
4 interest of the customers in his reports. I didn't  
5 find any. So perhaps you could help me and point out  
6 where those things are in that report.

7 M. YACKOUB: Sure. I think the word  
8 "efficiency" is mentioned many times in his report.  
9 Again, this is his report, not ours. But he speaks  
10 quite a bit about efficiency, about productivity, and  
11 those types of things, and so I think implicitly  
12 those are talking about cost performance.

13 But, again, this is his report for business  
14 transformation. We didn't commission him to do a  
15 cost comparison between utilities or anything like  
16 that.

17 J. SHEPHERD: Okay. Okay. So then -- that is  
18 actually useful.

19 So then after May 2024, presumably -- or maybe  
20 even before, there were certain things that I would  
21 have expected you to have done. One is a SWOT  
22 analysis. Do you know what a SWOT analysis is?

23 M. YACKOUB: I do, yes.

24 J. SHEPHERD: Okay. Did you do one?

25 M. YACKOUB: In which context? In business  
26 transformation?

27 J. SHEPHERD: The company. The LDC. Did the  
28 LDC do a SWOT analysis?

1 M. YACKOUB: I don't recall, Mr. Shepherd, if we  
2 did specifically a SWOT analysis or not, not -- and  
3 what I am saying is whether we formally documented a  
4 SWOT analysis. We, of course, do this all the time  
5 as part of business.

6 J. SHEPHERD: Okay. So I am going to ask you to  
7 undertake -- if there is a formal SWOT analysis, I am  
8 asking you to undertake to provide it, or if not,  
9 just say so.

10 M. YACKOUB: Yes.

11 L. MURRAY: That will be Undertaking J1.5.

12 **UNDERTAKING J1.5: TO PROVIDE LDC'S SWOT**  
13 **ANALYSIS, IF ONE WAS COMPLETED**

14 J. SHEPHERD: I wonder if you did -- Mr. Wong  
15 said your shareholder wants higher dividends, and  
16 they want to increase ROI. Did you do an analysis of  
17 how to increase regulated profits?

18 M. YACKOUB: As part of this business  
19 transformation plan, no, we didn't do an analysis on  
20 how to increase profits.

21 J. SHEPHERD: I am asking the witnesses as a  
22 whole.

23 M. YACKOUB: We are not aware of any formal  
24 analysis on how to increase profits, but certainly  
25 increase efficiency where -- you know, that is where  
26 this business transformation plan came from is an  
27 attempt to increase efficiency, for sure.

28 J. SHEPHERD: Well, you haven't increased any

1 profits using increased efficiency, have you?  
2 Actually, the only thing you have done so far, as I  
3 understand it, is asked for more money from your  
4 ratepayers; isn't that correct?

5 M. YACKOUB: No. That is not the only thing we  
6 have done. We have increased efficiency quite a bit  
7 so --

8 J. SHEPHERD: But it hasn't improved your  
9 profits. In fact, what it has done, and you have  
10 said it many times in your application, is add  
11 capacity so you can do other things; isn't that  
12 right?

13 M. YACKOUB: That is correct. So what we are  
14 trying to do is that we are behind, and we can't keep  
15 up, and we are trying to add capacity so we can keep  
16 up without having to increase costs more.

17 J. SHEPHERD: No, and that is all very good. I  
18 am not saying there is anything bad about that. What  
19 I am saying is that is not to increase profits. You  
20 didn't increase efficiency to increase profits  
21 because that is not, in fact, what the result was.  
22 The result was you increased capacity, not profits.

23 M. YACKOUB: So I am sorry, where we did we say  
24 we wanted to increase profits?

25 J. SHEPHERD: I am asking you that -- your  
26 shareholder said, we want a higher ROI, and we want  
27 higher dividends. How did you do that? What was  
28 your plan?

1 M. YACKOUB: Yeah, so I think, again, this was  
2 Mr. Wong's report. This wasn't the business  
3 strategy. This was his finding. If that makes  
4 sense. There is a distinction.

5 We didn't write this, he did, and he was  
6 advising us based on the materials that he got and  
7 the people that he interviewed of what he thinks --

8 J. SHEPHERD: He -- he talked to the City;  
9 right?

10 M. YACKOUB: I don't think he spoke with the  
11 City, no.

12 J. SHEPHERD: How would he get that information  
13 about what the shareholder expectations were?

14 M. YACKOUB: I assume he inferred it from our  
15 low ROE.

16 J. SHEPHERD: He just made it up?

17 M. YACKOUB: Inferred it from our low ROE is not  
18 making it up. But, yeah, I assume that is where he  
19 got it from. But I am not sure. He is not here.

20 J. SHEPHERD: So are you telling me that the  
21 senior management team in the last, let's say, two  
22 years has not done an analysis of how to increase  
23 regulated profits other than asking for higher rates?  
24 You have not done an analysis of that; right?

25 A. TANG: Mr. Shepherd, in terms of financial  
26 analysis, we do that all the time, but we did not  
27 specifically do an analysis on how to max -- how to  
28 increase -- how to increase our profitability.

1           We have been very -- we have been very focused  
2 on making sure that we do have prudent spends and  
3 making sure that all the metrics that we need to  
4 comply by are, in fact the case.

5           J. SHEPHERD: So one of the things that  
6 companies do, I have seen it lots of times to  
7 increase profits, is do a build versus rent analysis.  
8 And you would do that on a building, for example.  
9 You are going to spend \$61 million on a building, you  
10 would say, well, okay, what is the impact if we do it  
11 this way, rent from somebody else, versus build it  
12 ourselves?

13           And what -- one of the impacts is how much more  
14 is our return on equity? Did you do that analysis,  
15 build versus rent? I am not asking did C & W do it;  
16 I am asking did you do it.

17           V. BENNETT: So, Mr. Shepherd, we did do an  
18 options analysis. I think we are maybe using this  
19 term slightly differently. We did examine different  
20 options for the building which are included in  
21 attachment 1-3 of the Exhibit 1 interrogatories.  
22 That is the Cushman & Wakefield report.

23           J. SHEPHERD: That is the site selection report?

24           V. BENNETT: It is a site selection report, but  
25 it also examined renting, it examined lease -- I will  
26 take you to it, actually, so --

27           J. SHEPHERD: I am sorry, Ms. Bennett, I have  
28 seen -- when somebody like Cushman & Wakefield does

1 an analysis of "is it better to build or rent," it  
2 looks completely different than this. This is about  
3 what is the best site for you, isn't it? It says it  
4 is a site selection report. It says right on it.

5 V. BENNETT: It included a site selection  
6 report. But let's just go there.

7 J. SHEPHERD: Okay.

8 V. BENNETT: So if we go to the Exhibit 1  
9 interrogatories, and it is attachment 1-3.

10 J. SHEPHERD: Yeah. It is also in our  
11 materials.

12 V. BENNETT: Oh, okay. I would like the full  
13 report, though, so --

14 J. SHEPHERD: That is fine.

15 V. BENNETT: So if we go to page 3 of that  
16 attachment, and I will just refer you to -- there was  
17 quite a lot of work that Cushman did. It was not  
18 isolated to site selection. They confirmed our area  
19 requirements -- and I am just looking at the scope of  
20 work that is about bottom third of the page. Looked  
21 at site evaluation, evaluated different options,  
22 selection of alternative sites, looking at sites to  
23 evaluate, and then costing analysis. And if you --

24 J. SHEPHERD: Where is evaluate different  
25 options?

26 V. BENNETT: So the options -- so if you -- we  
27 look -- if we go to the next page in the -- there is  
28 a table here that considered a number of different

1 options.

2 J. SHEPHERD: Sorry. Let me just stop you.  
3 First, you read something from here that I don't see,  
4 evaluate certain -- different options. Where is  
5 that?

6 V. BENNETT: Evaluation of baseline option.

7 J. SHEPHERD: Which is a land lease on the HOPA  
8 property. That is Hamilton-Oshawa Port Authority;  
9 right?

10 V. BENNETT: Yes, that is right. And what that  
11 means is that because we didn't have a do nothing  
12 option in this case because we are being kicked out  
13 of our current facility for downtown redevelopment,  
14 and so we examined the different options.

15 But in this report, we talk about how we  
16 examined several different options, specifically --  
17 so this first page -- sorry.

18 Going to page 4, we have some different options,  
19 and these were a variety of different -- some were  
20 buildings that could be retrofit, some were green  
21 field. And they were shortlisted, as you can see in  
22 this table.

23 J. SHEPHERD: Yeah.

24 V. BENNETT: When you go to the next page --

25 J. SHEPHERD: Sorry. These were all rejected;  
26 right?

27 V. BENNETT: These -- yeah, the ultimate  
28 selected option were not on this list.

1 J. SHEPHERD: Yes.

2 V. BENNETT: This was an analysis that took  
3 quite some time.

4 There were three -- if we go to the next page,  
5 three options that were identified. One was the  
6 HOPA, that we discussed, which was a new construction  
7 with a land lease and with a shared building. There  
8 was also renovation of an existing facility which was  
9 considered as well as new construction and land  
10 purchase.

11 J. SHEPHERD: The renovation of an existing  
12 facility wasn't your facility. It was still a  
13 purchase. It was still a build option, not a rent  
14 option.

15 V. BENNETT: Not a rent option. But I will  
16 refer you to the next page of this report where we  
17 also looked at sites available for lease.

18 J. SHEPHERD: Yeah.

19 V. BENNETT: And so there were six options  
20 identified. Only one of them was in Oshawa. And so  
21 if you go to below the six options -- and these were  
22 used to -- for benchmarking, it explains why we had -  
23 - we were not able to find a suitable rental  
24 property, including the one Oshawa location in the  
25 Six, which was at 1000 Thornton Road, because it was  
26 not technically suitable for what we needed. So the  
27 rental options -- so we evaluated many options,  
28 including renting.

1 J. SHEPHERD: Okay. So that is interesting  
2 because if you are Cushman & Wakefield, you would  
3 typically do that sort of thing, say, okay, you want  
4 us to find you a building to buy, but here is some  
5 other options as well. I get that. But I wasn't  
6 asking about that.

7 I was asking about whether you did an analysis  
8 before that. When you said, okay, we are going to  
9 need a new building, are we going to build one or are  
10 we going to rent one? Well, what are the impacts on  
11 us if we do one versus the other? Did you do that  
12 analysis?

13 V. BENNETT: We are not aware of any analysis  
14 prior to this. This was that assessment.

15 J. SHEPHERD: Well, no, it is -- it doesn't talk  
16 about the impacts on your ratepayers, does it, at  
17 all, ever?

18 V. BENNETT: It was identifying different  
19 options.

20 J. SHEPHERD: In fact, there is nothing in your  
21 evidence that talks about the difference between  
22 various options in terms of how it affects rates  
23 anywhere; right?

24 V. BENNETT: As we note in the report, there  
25 were no technically feasible options except for the  
26 one that we identified. They were eliminated, not  
27 being the right size, being sold, and being cost  
28 prohibitive. So this was -- this was the option.

1 J. SHEPHERD: When you are looking at increasing  
2 the regulated profits, one of the things that you  
3 look at is outsourcing to affiliates. That is a  
4 standard sort of, this is how we can increase the  
5 profits for the shareholder, by outsourcing to an  
6 affiliate that is subject to less stringent controls.

7 Did you do an analysis of what happens if you  
8 outsource to affiliates to your upstream income?  
9 Because you outsourced a lot more to others; right?

10 M. YACKOUB: Mr. Shepherd, just for clarity, we  
11 are not speaking of the building anymore; we are just  
12 talking about outsourcing in general?

13 J. SHEPHERD: Yeah, yeah.

14 M. YACKOUB: Okay. So, no, the profit to the  
15 parent company was not considered. What was  
16 considered was, operationally, what is the best  
17 option, and what is the lowest cost. Those were the  
18 things that we considered.

19 J. SHEPHERD: So then Mr. Wong said to you, your  
20 shareholder wants higher dividends, you have a  
21 strategic plan that says you are going to pay higher  
22 dividends, but you never did an analysis of how to  
23 get there?

24 M. YACKOUB: So just for clarity, when you are  
25 saying "higher dividends," we are talking about  
26 restoring dividends to what the --

27 J. SHEPHERD: You were paying 2.5 million a year  
28 before?

1 M. YACKOUB: If I could just finish. We are  
2 talking about restoring rate of return on equity,  
3 right, to what it should be?

4 J. SHEPHERD: That is not what I am talking  
5 about. I am talking about dividends.

6 M. YACKOUB: Okay. So could you repeat the  
7 question, please.

8 J. SHEPHERD: Yeah. You have never paid a \$2.5  
9 million dividend to your shareholder in the past  
10 ever, have you?

11 M. YACKOUB: You would have to refer that to Ms.  
12 Tang.

13 J. SHEPHERD: You can undertake if you would  
14 like.

15 A. TANG: I will undertake.

16 L. MURRAY: That will be undertaking J1.6.

17 **UNDERTAKING J1.6: TO ADVISE WHETHER OSHAWA**  
18 **POWER HAS EVER PAID A \$2.5 MILLION DIVIDEND TO**  
19 **THEIR SHAREHOLDER IN THE PAST**

20 J. SHEPHERD: So you weren't restoring  
21 dividends, you were responding to the shareholder  
22 saying, we want more money. And you are saying,  
23 okay, we are going to give you more money; right?

24 M. YACKOUB: I don't believe that Mr. Wong spoke  
25 to the shareholder at all. So you are inferring that  
26 he spoke to the shareholder, shareholder told him, we  
27 want higher dividends. I don't think that is the  
28 case.

1 J. SHEPHERD: Well, he said the shareholder  
2 wanted higher dividends. Wherever he got that  
3 information from, we don't -- you don't know; right?

4 M. YACKOUB: That is right. He said that in his  
5 report. We don't --

6 J. SHEPHERD: You don't know where he got that  
7 from?

8 M. YACKOUB: I am unsure where he got that from  
9 --

10 J. SHEPHERD: Okay.

11 M. YACKOUB: -- that is right.

12 J. SHEPHERD: But the fact is your strategic  
13 plan says you are going to increase the dividend  
14 dramatically from 1.4 million this year to 2.5  
15 million two years from now. Isn't that right?

16 M. YACKOUB: Well, Ms. Tang said, I think, those  
17 were targets, but there is no guarantee that that is  
18 going to happen, right.

19 J. SHEPHERD: All right. That is just  
20 coincidence, it is not because the shareholder asked  
21 it.

22 M. YACKOUB: I don't think Mr. Wong spoke with  
23 the shareholder.

24 J. SHEPHERD: I am not asking about Mr. Wong. I  
25 am talking about whether the shareholder asked you to  
26 increase the dividends and that is why you are  
27 increasing them.

28 M. YACKOUB: I don't know. Ms. Tang, could

1 you...

2 A. TANG: Again, as I -- again, as I mentioned  
3 before, dividend disbursements is based on operations  
4 of -- based on the result of the operations that will  
5 come from both regulated and unregulated side. So I  
6 just want to be clear on that.

7 So it is -- I cannot speak to whether it is a  
8 coincidence or not between the report -- the Wong  
9 report and our projection, but this is on projection.

10 J. SHEPHERD: All right. Well, you are the CFO.  
11 Has the shareholder asked you for higher dividends?

12 A. TANG: Since I started, that have not been  
13 the question that have been asked to me directly.

14 J. SHEPHERD: You have talked to the shareholder  
15 directly; right?

16 A. TANG: I have spoken to the shareholders,  
17 yes.

18 J. SHEPHERD: And they never asked you for  
19 higher dividends?

20 A. TANG: Not one of the topics, no.

21 J. SHEPHERD: Wow. Okay.

22 I wonder if you could turn to page 41 of our  
23 materials. This is the current shareholder  
24 declaration for -- by the City of Oshawa. You see on  
25 page 26, it has the front page of it. The  
26 shareholder declaration which applies to the holding  
27 company, which is called "holdco" in this, and wires  
28 company and all the other affiliates.

1 I want you to look at K on page 15 at page 41 of  
2 our materials. And this requires shareholder  
3 approval if you do anything that:

4 "Would reasonably be expected to materially  
5 affect revenue or materially increase expenses  
6 in each case in a manner that is not  
7 contemplated by the applicable business plan or  
8 annual budget." [As read]

9 Your building is not in the business plan, and  
10 it is not in the annual budget; right? And where I  
11 am going is so the shareholder had to approve the  
12 building plan?

13 V. BENNETT: So the business plan does include  
14 the building. I will refer you to the business plan  
15 that we filed. So if we can go to --

16 J. SHEPHERD: This is a business plan that is  
17 approved by the City?

18 V. BENNETT: Just a second. So we would need to  
19 confirm specifically what "applicable business plan"  
20 means because we do not know.

21 J. SHEPHERD: I am asking a very specific  
22 question. Did the shareholder have to approve your  
23 plan for the building?

24 A. TANG: Mr. Shepherd, I can speak on the  
25 financial side. If I can refer you to I. So any  
26 time there is financing that impacts the debt equity  
27 ratio beyond the -- beyond 1.5, we need to show  
28 approval. So if financing gets to that point, yes,

1 we will need their approval.

2 J. SHEPHERD: But you don't have approval from  
3 the City yet?

4 A. TANG: As Ms. Bennett has mentioned, the  
5 costs are very preliminary, so we would not go to  
6 them for approval until we have a final estimate of  
7 --

8 J. SHEPHERD: So are you telling the Board that  
9 the City doesn't know you are doing this?

10 A. TANG: No, I did not say that. What I said  
11 was the approval that - for us to get into financing  
12 for the building will need shareholder's approval.

13 J. SHEPHERD: But you have got a City approval  
14 to go ahead with your plans for -- for example, buy  
15 the land, get the -- and start the procurement, which  
16 is going on right now. You have City approval for  
17 that; right?

18 V. BENNETT: So, Mr. Shepherd, we have approval  
19 from our board of directors. What we are struggling  
20 with is with the City specifically. But the board of  
21 directors represent the shareholder.

22 J. SHEPHERD: No, it doesn't. This is the --  
23 the shareholder declaration, it stipulates what the  
24 City does and what the board does.

25 Here is where I am going with this, so why don't  
26 we cut this short because it will be easier. If you  
27 look at page 38 of our materials in 13.2(a), this is  
28 under the heading "Decisions of the Shareholder."

1           It says where you need to get approval from the  
2 shareholder, you have to give them a report with all  
3 information necessary for the shareholder to make an  
4 informed decision.

5           And I am going to ask you to file on the record  
6 any report of that type that has been given to the  
7 City on the building, including the land.

8           J. VELLONE: Commissioner Moran, I would welcome  
9 your guidance on whether you find this level of  
10 inquiry into the building probative or not. I am  
11 conscious that I have made repeated arguments on  
12 relevance and have not been successful, so I am going  
13 to seek guidance from the panel.

14           COMMISSIONER MORAN: Mr. Shepherd, I am just  
15 wondering if there is perhaps a lack of understanding  
16 between what you are assuming in your question and  
17 what the witnesses are assuming you are asking them.

18           Could you just go back -- could we go back to  
19 the (k). And maybe this is mostly for my benefit. I  
20 am just trying to understand.

21           So in (k), the shareholder has to approve any  
22 transaction that hasn't been contemplated by the  
23 applicable business plan or annual budget. I think I  
24 heard you say that you think that means the City's  
25 business plan.

26           J. SHEPHERD: No.

27           COMMISSIONER MORAN: Okay. And I think I heard  
28 Ms. Bennett say we have to figure out what is meant

1 by "applicable." So, again, just for clarity, are  
2 you asking if the building wasn't -- was or was not  
3 contemplated in Oshawa PUC Network's business plan,  
4 and if it wasn't contemplated, did they then go and  
5 get shareholder approval?

6 And what I heard Ms. Tang say in further  
7 response is that the section that really applies is  
8 (i), which is the -- and they are just not at that  
9 point yet. I am just -- to me, it sounds like there  
10 is a bit of confusion here, and maybe we are talking  
11 at cross purposes. Maybe you can help clarify.

12 J. SHEPHERD: So I tried to cut it short so that  
13 I would make it easier. There is three places, at  
14 least three places, where the City has to say yes  
15 before holdco or the buyer's co can go ahead with  
16 certain things, (k) is one, (i) is another. There is  
17 another one in 15.1 on major developments. And these  
18 all require City decisions. They must approve to go  
19 ahead.

20 It is also -- business plans also have to be  
21 approved by the City. The holdco business plan,  
22 which would, of course -- this would be a material  
23 item on the holdco business plan.

24 And so all of those things require a City  
25 decision, go ahead or don't go ahead. And that is  
26 logical, by the way. The City is not going to let  
27 its utility spend \$61 million without knowing about  
28 it, without saying yes. And so 13.2 applies to all

1 those situations in which an approval of the City is  
2 needed.

3 And so on one of those criteria, one of those  
4 clauses -- lawyers tend to have four or five clauses  
5 to make sure you catch something.

6 On one of those clauses at least, the  
7 shareholder would have had to make a decision, which  
8 means holdco would have had to make a report to the  
9 City saying, here is the pros and cons, here is what  
10 we are planning to do, here is why it is a good idea.  
11 They would have had to do that.

12 I am asking that that be filed because that will  
13 inform you on how they are approaching this.

14 COMMISSIONER MORAN: So is the starting point  
15 for your line of inquiry basically this question:  
16 Did Oshawa PUC Networks seek the approval of the  
17 shareholder --

18 J. SHEPHERD: Yes.

19 COMMISSIONER MORAN: -- in relation to the  
20 building, period; right? And then I guess they can  
21 give us the answer to that. And then if the answer  
22 is no, then where do we go from there?

23 J. SHEPHERD: Well, no, I mean, I guess if their  
24 answer is we don't have the approval of the City, I  
25 mean, aside from being shocked, I would have to shut  
26 up. Because there is nothing I can say at that  
27 point. I mean, I can in argument say, well, this  
28 isn't real yet.

1           They are doing a procurement but -- and they  
2 have bought the land, but it is not real yet because  
3 the City hasn't said yes. But I don't think that is  
4 possible. That is why I have asked for an  
5 undertaking, if you did this report -- I don't care  
6 about the other provisions. If you did a report like  
7 this to the City in 13.2(a), file it.

8           COMMISSIONER MORAN: Mr. Vellone, I am just  
9 wondering, you know, if that is -- it sounds like a  
10 fairly straightforward question. Is that something  
11 that could be undertaken?

12           And maybe it has to do with the fact that maybe  
13 the approval requirement hasn't been triggered yet,  
14 and if it is triggered, we are going to, or it has  
15 been triggered, and we did, and here is the report.  
16 Is this something that --

17           J. VELLONE: Yeah. If the Commissioners would  
18 find it helpful, Commissioner Moran, we are going to  
19 follow your direction. We are well into questions  
20 around prudence if the decision-making for the  
21 building, which I think we are planning to adjudicate  
22 later. And I am just struggling to relate it back to  
23 this case.

24           I will take your direction. I am not going to  
25 protest.

26           COMMISSIONER MORAN: So, Mr. Vellone, I think we  
27 will ask for an undertaking simply to confirm if the  
28 City has provided approval for the building, I guess

1 and the land, and, if so, how was that -- how was  
2 that done. And if the answer is no, then that is the  
3 answer to the undertaking as well.

4 J. SHEPHERD: Can I ask as a matter of  
5 clarifying, does that include the report I am seeking  
6 that they gave -- that the company had to give to the  
7 City?

8 COMMISSIONER MORAN: Yeah. If the request for  
9 approval was supported by a report, produce the  
10 report and --

11 J. SHEPHERD: Thank you.

12 L. MURRAY: That will be undertaking J1.7.

13 **UNDERTAKING J1.7: TO CONFIRM IF THE CITY HAS**  
14 **PROVIDED APPROVAL FOR THE BUILDING AND THE LAND,**  
15 **AND, IF SO, TO ADVISE HOW THAT WAS DONE AND IF**  
16 **REQUEST FOR APPROVAL WAS SUPPORTED BY A REPORT,**  
17 **TO PRODUCE THAT REPORT**

18 J. SHEPHERD: Mr. Chairman, I am skipping some  
19 stuff because I am getting close to the end, but I am  
20 sure you won't miss it.

21 I wonder if you could turn to page 24 --

22 COMMISSIONER MORAN: My apologies. There was --  
23 I guess part of the question is, I mean, is the City  
24 aware of the utility's plan to build this building?  
25 I mean, that is inherent, I guess, in the question.

26 I mean, if you can confirm their level of  
27 awareness. I think that is part of the question you  
28 have; right, Mr. Shepherd? Does the City even know

1 about it? And I guess the question is does the City  
2 even know about it?

3 A. TANG: I do want to address that --

4 COMMISSIONER MORAN: Quick question. The -- the  
5 business plan for -- your business plan, does that  
6 require shareholder approval? Or is it just your  
7 board of directors who approve it? Just out of  
8 interest.

9 A. TANG: Our board of directors.

10 COMMISSIONER MORAN: Right. And there is no  
11 requirement for that -- for your business plan to be  
12 reviewed further up the chain?

13 A. TANG: They are definitely aware of it. That  
14 would be something that we would have circulated and  
15 discussed with the shareholder.

16 And I also want to bring you back to the  
17 question on whether the shareholder knows about the  
18 land and the building. There are ongoing  
19 conversations, so they are informed.

20 J. SHEPHERD: I wasn't suggesting, Mr. Chair,  
21 that the City does not know about it. What I would --  
22 -- what I would like to see is the report because the  
23 report will tell us something about the motivations.

24 For example, if the report says, oh, by the way,  
25 ROE is going to go up by a million dollars a year,  
26 that would be relevant.

27 COMMISSIONER MORAN: Yeah, I think the  
28 undertaking includes any report that was used to

1 support the request for approval, if there was a  
2 request for approval.

3 J. SHEPHERD: So I wonder if you could turn to  
4 page 24 of the materials. And this is your lease  
5 extension agreement. Somebody will have seen this, I  
6 am sure. It is signed by Mr. Arbour, but I am sure  
7 that some of you have looked at it.

8 I am raising this not because of the terms of  
9 the lease extension, although I do have one question  
10 about that, but because you appear to have known  
11 about your need to replace the building, the move  
12 out, for ten years; right?

13 It says right here they -- City council said,  
14 no, hang on, you are going to have to leave in April  
15 2015 -- sorry, May 31st, 2015. I lied.

16 V. BENNETT: So, yes, we see that, Mr. Shepherd.

17 J. SHEPHERD: And so you have known for a long  
18 time that you had do this. And, in fact, you have  
19 had several extensions, and the latest extension says  
20 you have to be out by May 31st, 2028; right?

21 V. BENNETT: That is correct.

22 J. SHEPHERD: And the reason is not for downtown  
23 redevelopment. It is because under the Planning Act,  
24 the lease can't be longer than that. Isn't that  
25 right?

26 V. BENNETT: Mr. Shepherd, we do see this where  
27 it does say in order to ensure compliance, but it  
28 also says among other things. So it seems like there

1 was a number of factors that went in. Our  
2 understanding is that downtown redevelopment is, in  
3 fact, a major contributor to our requirement to  
4 vacate.

5 J. SHEPHERD: Okay. So but because of the  
6 *Planning Act* restriction, you are not -- there is no  
7 way that you can negotiate a further extension;  
8 right?

9 V. BENNETT: I am not an expert on the Planning  
10 Act, so I would not be able to say.

11 J. SHEPHERD: Okay. In your 2021 application,  
12 when you had known about this for several years, did  
13 the utility disclose that they would have to move?

14 V. BENNETT: I believe the way it was worded was  
15 it was looking at options for a new facility, whether  
16 to renovate or move to a new facility. I don't  
17 believe it said -- it had a requirement to move at  
18 that that time, but I would have to confirm by  
19 reviewing it. I don't have it in front of me.

20 J. SHEPHERD: Okay. So you think that it was  
21 referred to in the application as a plan for a new  
22 facility, but not, and by the way, we are being  
23 kicked out?

24 V. BENNETT: I don't recall, and I don't have it  
25 in front of me.

26 J. SHEPHERD: And nothing was approved in that  
27 application related to the building; right?

28 V. BENNETT: That is correct.

1 J. SHEPHERD: Okay. And it wasn't -- the  
2 building wasn't in your DSP in that application, was  
3 it?

4 V. BENNETT: No.

5 J. SHEPHERD: Okay.

6 If you go to the next page, page 25, I just want  
7 to ask a couple of questions while we are on this.  
8 The one is in order to get the latest extension,  
9 which is -- the latest extension is really only -- I  
10 don't know -- 14 months or something, you agreed to a  
11 30 percent rate increase; is that right?

12 A. TANG: Yes. Yes. That is part of the  
13 negotiation.

14 J. SHEPHERD: And then if you go down to number  
15 4, and I haven't heard this talked about, and that is  
16 why I want to raise it. Part of your cost of moving  
17 is going to be you have to demolish everything that  
18 is there at 100 Simcoe Street South, right, that you  
19 are using? You have to return it to a greenfield  
20 site. True?

21 M. WEATHERBEE: That is correct, except for the  
22 main administrative building on 100 Simcoe, as it is  
23 deemed a heritage property by the City.

24 J. SHEPHERD: Okay. All right. And do you know  
25 how much that is going to cost? Or let me put it  
26 another way to simplify it. Is it included in the 61  
27 million?

28 M. WEATHERBEE: I will defer to Ms. Tang for

1 that.

2 A. TANG: No, it is not.

3 J. SHEPHERD: So that is additional. And do you  
4 know how much that is going to be?

5 A. TANG: I do not know the answer for that.

6 J. SHEPHERD: Do you have an estimate?

7 M. WEATHERBEE: We sought estimates for that  
8 within the last couple of years, yes.

9 J. SHEPHERD: Well, within the last couple of  
10 days?

11 M. WEATHERBEE: No. Couple of years.

12 J. SHEPHERD: Oh, years. Okay. So can you  
13 undertake to provide the estimate of that cost?

14 M. WEATHERBEE: Yes.

15 L. MURRAY: Sorry. Did I hear a yes?

16 M. WEATHERBEE: Yes.

17 L. MURRAY: That will be undertaking J1.8.

18 **UNDERTAKING J1.8: TO PROVIDE COST ESTIMATE FOR**  
19 **THE 100 SIMCOE STREET SOUTH DEMOLITION**

20 J. SHEPHERD: It was a soft, reluctant yes.

21 Okay. So I want to turn to the Cushman &  
22 Wakefield report. And just as a time check, Mr.  
23 Chairman, I have about eight hours left, but I will  
24 be finished in ten minutes, I think. I want you to  
25 turn to page 71 of our materials, which is page 4 of  
26 the Cushman & Wakefield report, page 4 of 11.

27 Do you have that? Sorry. It says here the --  
28 "It was determined that the site should accommodate

1 the following." It goes on to talk about office  
2 space and warehouse space, et cetera. Who determined  
3 that? Is that management told C & W, this is what we  
4 need?

5 M. WEATHERBEE: No. That was part of a needs  
6 analysis study that we had completed.

7 J. SHEPHERD: Oh, is that on the record?

8 M. WEATHERBEE: No, that is not on the record.

9 J. SHEPHERD: Can you file that?

10 M. WEATHERBEE: Yes.

11 L. MURRAY: That will be Undertaking J1.9.

12 **UNDERTAKING J1.9: TO PROVE THE NEEDS ANALYSIS**  
13 **STUDY**

14 J. SHEPHERD: And now, C & W was engaged by the  
15 new CEO, or by somebody, but right after the new CEO  
16 arrived in May 2023; right?

17 V. BENNETT: Yes. That is in the timeline of  
18 work.

19 J. SHEPHERD: And who is -- who decided that the  
20 HOPA site would be the baseline?

21 M. WEATHERBEE: It was an option that was  
22 considered as one of the better options.

23 J. SHEPHERD: By who?

24 M. WEATHERBEE: By senior management.

25 J. SHEPHERD: Okay. So senior management had  
26 already done an analysis of options for the building  
27 prior to engaging C & W; right? Because, otherwise,  
28 how would they come up with the HOPA site?

1 V. BENNETT: So HOPA was determined to have the  
2 lowest cost, so I don't know that there was an  
3 analysis done prior to this. I am not aware of one.  
4 But of the options that were identified, it was  
5 identified to have the lowest initial cost but had  
6 some other issues that are described on the page  
7 right after this. It is actually 72 --

8 J. SHEPHERD: Sorry. That wasn't my question.

9 V. BENNETT: -- of your materials.

10 J. SHEPHERD: That wasn't my question, Ms.  
11 Bennett. Cushman & Wakefield says that they had a  
12 baseline option, which was a land lease on the HOPA  
13 property. So they didn't decide that. That was the  
14 baseline option they were provided with. Who made  
15 that decision? Who provided them with that baseline  
16 option? It wasn't one of the options they looked at  
17 in this study. It was the baseline.

18 V. BENNETT: It was --

19 COMMISSIONER ZLAHTIC: Excuse the interruption.  
20 The panel doesn't know what HOPA means.

21 J. SHEPHERD: My apologies. Hamilton-Oshawa  
22 Port Authority. I had to look it up.

23 COMMISSIONER ZLAHTIC: Shame on you, Mr.  
24 Shepherd. Can you say that again, please.

25 J. SHEPHERD: Hamilton-Oshawa Port Authority.  
26 Apparently Hamilton and Oshawa are the two major  
27 ports on Lake Ontario and have a combined port  
28 authority. Who knew.

1 V. BENNETT: So I would note that HOPA was on  
2 the market scan that Cushman & Wakefield did for us.  
3 So if you go back to page 71 of your compendium, it  
4 was the final option.

5 And at the time the analysis was done, so that  
6 is the one we were speaking about on the next page,  
7 that was the lowest initial cost option of the  
8 options that were available.

9 J. SHEPHERD: Well, this is --

10 V. BENNETT: So that is why it was considered  
11 the baseline.

12 J. SHEPHERD: This is from their original report  
13 from May 2023.

14 V. BENNETT: That is right.

15 J. SHEPHERD: Which is not on the record.

16 V. BENNETT: No, it is not.

17 J. SHEPHERD: They did a market scan, what, to  
18 decide what was -- what could be acquired, or was it  
19 more than that?

20 V. BENNETT: Well, if we just go -- just go  
21 above the table, it describes. So after the area  
22 requirements were established, a scorecard was  
23 developed for comparison of the sites, and there were  
24 a number of criterion that are identified, and then  
25 this long list was developed.

26 J. SHEPHERD: Yeah, that -- the original report  
27 was prepared by Cushman & Wakefield in May 2023.  
28 They were engaged in May 2023. So I doubt very much

1 if they did all that area requirements and scorecard  
2 and all that stuff altogether at once and then  
3 immediately produced a report.

4 V. BENNETT: I -- we don't know we're referring  
5 to -- I wasn't there. We were referring to this  
6 where they were engaged and issued their first report  
7 in May 2023. We don't know the exact dates, how much  
8 time it took, how long they were looking for. We  
9 have none of that information.

10 J. SHEPHERD: All right.

11 So I am going to ask you to briefly look at page  
12 74 of our materials. This is the site in question;  
13 right?

14 V. BENNETT: Yes.

15 J. SHEPHERD: The one that was selected? You  
16 bought this?

17 V. BENNETT: That is correct. We bought that  
18 land.

19 J. SHEPHERD: And there is -- this is -- this  
20 looks like farmland, but, in fact, this is a business  
21 development area that is -- the area around it is  
22 expected to be developed soon; right?

23 V. BENNETT: Yeah, this is within the Northwood  
24 Business Park.

25 J. SHEPHERD: And, in fact, Durham College isn't  
26 very far away; right?

27 M. WEATHERBEE: That is correct. Durham College  
28 is just slightly down the road on Conlin Road.

1 J. SHEPHERD: And there is a small airport just  
2 down the road too?

3 M. WEATHERBEE: There is an airport at Taunton,  
4 correct.

5 J. SHEPHERD: Okay.

6 M. WEATHERBEE: Small executive airport.

7 J. SHEPHERD: Now, this says on page 75 that the  
8 cost analysis included furniture, fit-up allowances,  
9 move costs, demolition costs, fiber connections, all  
10 sorts of stuff like that. And I guess I am not sure  
11 how that was done.

12 Can you tell me how that was done? Because I  
13 don't see anywhere there was costing of any of that  
14 stuff, and it is certainly not in your capital plan.

15 V. BENNETT: So this was done by Cushman &  
16 Wakefield.

17 J. SHEPHERD: So that is not your 61 million?

18 V. BENNETT: No. Actually, it refers to -- if  
19 you go back to page 72, you can see the three  
20 options, and they had pro forma calculations, and  
21 this was all done by Cushman & Wakefield.

22 J. SHEPHERD: Yeah, except that none of those  
23 include the one you chose.

24 V. BENNETT: That is correct.

25 J. SHEPHERD: So could you go to page 77. Now,  
26 there is an unredacted version of this that has been  
27 filed, but in the interest of time, I am not going to  
28 go to it right now.

1 But this is a Class D estimate from Barry Bryan  
2 Associates, who were retained, I guess, by -- were  
3 they retained by you, or were they retained by -- by  
4 C & W?

5 V. BENNETT: By Oshawa Power.

6 J. SHEPHERD: Okay. And you had an RFP, and you  
7 hired them to create concept drawings and then tell  
8 you how much was it going to cost; right?

9 V. BENNETT: They -- yeah, they are building  
10 designers.

11 J. SHEPHERD: But a Class D estimate is a very,  
12 very high-level estimate; is that fair?

13 V. BENNETT: Yes.

14 J. SHEPHERD: And subsequently, you now have a  
15 Class B estimate, right, which we see referred to at  
16 page 60 of our materials, the A.W. Hooker estimate?

17 V. BENNETT: That is right. I will mention that  
18 the preliminary -- the Class D estimate didn't even  
19 have the same design. It was so early that it was  
20 very difficult to -- it is difficult to compare those  
21 two numbers because of the design work that has  
22 occurred since the --

23 J. SHEPHERD: So the Class D estimate, we should  
24 simply ignore that because that is sort of old news?  
25 It is not relevant to what you are actually planning  
26 to do?

27 V. BENNETT: The Class B estimate is much more  
28 accurate to what we are planning to do.

1 J. SHEPHERD: All right. But the Class B  
2 estimate, if you see on page 61 of our materials,  
3 does not include furniture, municipal fees,  
4 equipment, consultants, et cetera. That is the 61  
5 million; right? But it doesn't include all that  
6 stuff.

7 V. BENNETT: The 61 million includes three  
8 things: The land cost --

9 J. SHEPHERD: Yeah.

10 V. BENNETT: -- the Class B, and estimated soft  
11 costs.

12 J. SHEPHERD: Soft costs being architects and  
13 municipal fees and all that stuff?

14 V. BENNETT: Furniture and --

15 J. SHEPHERD: Well, furniture is not a soft  
16 cost. It is a hard cost.

17 A. TANG: In this context, we classify furniture  
18 and technology as part of soft costs.

19 J. SHEPHERD: Do we have a breakdown of that 61  
20 million between the various components? Like, I have  
21 seen the comparison number, the one that was just  
22 filed, right, which was prepared -- that was actually  
23 prepared by ERTH Power; right? That comparison was  
24 prepared by ERTH Power for their application for a  
25 building; right?

26 V. BENNETT: The benchmarking analysis?

27 J. SHEPHERD: Yeah, that benchmarking.

28 V. BENNETT: It used information from the ERTH

1 application, but it was not prepared by EARTH Power.

2 J. SHEPHERD: No. You just added some columns;  
3 right?

4 V. BENNETT: We added some columns, and we added  
5 -- I think we had maybe some different metrics  
6 underneath, but we leveraged data from the EARTH  
7 application. And -- sorry, Mr. Shepherd.

8 J. SHEPHERD: Go ahead.

9 V. BENNETT: Just to address your question, we  
10 do have interrogatory -- it is 1-X-12 that speaks to  
11 this. And so it does include the land as one cost in  
12 2024.

13 J. SHEPHERD: Yes.

14 V. BENNETT: And then the building is split into  
15 two pieces. And if you add those up, that amounts,  
16 between the three pieces, to 61 million.

17 J. SHEPHERD: Okay. So you don't have a  
18 breakdown of how much is -- see, what I am looking at  
19 is you are spending a whole lot of money on, for  
20 example, network soft -- network hardware and things  
21 like that, new gear for employees, furniture, all  
22 sorts of things like that over the last year and the  
23 next couple of years. And then you are going to go  
24 into a new building, and presumably you are going to  
25 replace all that stuff.

26 M. WEATHERBEE: So I will let Mr. Yackoub speak  
27 to the hardware first.

28 M. YACKOUB: Sure. I can speak about the

1 computer equipment that we are purchasing. None of  
2 that is impacted by the move. Anything that we  
3 purchase, we would be taking with us. So switches  
4 and servers and all that, we would be taking with us  
5 to the new place.

6 J. SHEPHERD: You will have to rewire the  
7 building or wire the new building up to fit your  
8 server farm and your network, but you are not going  
9 to have to have new servers and blades or whatever  
10 those things are called now.

11 M. YACKOUB: So we are not spending money on  
12 wiring the old building. I think you were just --  
13 you commenting on sunk costs into the old building.

14 J. SHEPHERD: Yeah.

15 M. YACKOUB: So we are not spending -- as far as  
16 I know, and as far as I can think of, there is no  
17 sunk cost or significant sunk cost in the old  
18 building to do with computing equipment. So, yeah,  
19 we are not wiring the old building and then rewiring  
20 the new building. We are purchasing switches and  
21 servers that we will move to the new building.

22 J. SHEPHERD: Okay. Thank you. So I didn't  
23 even get to the IT plan or the DSP, but I think I am  
24 done. I think that is enough for me. Thank you very  
25 much.

26 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

27 Noting the time is now 4:40, Mr. Ladanyi, how  
28 much time do you need? We have a bit of a hard stop.

1 T. LADANYI: I think only 40 minutes, and I will  
2 be, like, in the -- I can come back tomorrow at 1:30,  
3 after lunch. Or I would be happy to start now and  
4 see where it gets us.

5 COMMISSIONER MORAN: Why don't we see what we  
6 can get done. Would you be able to finish by 5:30?

7 T. LADANYI: Definitely.

8 COMMISSIONER MORAN: And if I can check in with  
9 the court reporter, are you okay with 5:30? Okay.  
10 Let's do it.

11 **CROSS-EXAMINATION BY T. LADANYI**

12 T. LADANYI: Okay. Thank you.

13 So if I can just follow-up on something you said  
14 earlier today. I wasn't going to ask any questions  
15 about this, but since you mentioned that you are  
16 losing employees to OPG because they now have an  
17 attractive new office at 1908 Colonel Sam Drive, and  
18 it is a beautiful building. Actually, I was there  
19 many times because I worked for OPG at one time.

20 So how many employees have you actually lost;  
21 can you tell me? Or does - is it anecdotal, you  
22 actually don't have numbers?

23 V. BENNETT: We included these -- these numbers  
24 in our application. So if we turn to Exhibit 4. And  
25 I am going to section 4.4, we have got the variance  
26 analysis on FTEs. So this starts on page 93 of  
27 Exhibit 4.

28 T. LADANYI: And these have all gone to OPG, or

1 they might have gone somewhere else?

2 V. BENNETT: We don't know where they went.

3 T. LADANYI: Yeah. Because OPG is just -- that  
4 office is just an office. So the kind of people who  
5 work in an office like that are accountants, some  
6 engineers, possibly. There wouldn't be any operating  
7 staff in a building like that. Management types.

8 V. BENNETT: I don't know the full details of  
9 who OPG hires, but they seem to employ a wide range  
10 of skill sets.

11 T. LADANYI: Because OPG has been in the area  
12 for many, many years, as you know. They had an  
13 office on Brock Road, 77 Brock Road, which they left.  
14 By the way, that building was actually not owned by  
15 them. It was actually leased by them. I know that  
16 for a fact. It was not in the rate base.

17 So, I mean, people could have got jobs at OPG  
18 over the years all along. They could have got jobs  
19 at Darlington. There was a big Darlington project  
20 office. There was another office in Pickering that  
21 OPG leased.

22 So, I mean, I do not -- I am trying to  
23 understand why this OPG move would have an effect on  
24 you because there were always jobs at OPG in this  
25 area, in your area.

26 V. BENNETT: So with the move of the  
27 administrative facility from -- I think there is an  
28 office in downtown Toronto moving out to Oshawa, a

1 lot of those more administrative roles are coming  
2 out.

3 My understanding is the other OPG roles -- and I  
4 am not an expert on OPG at all, but are more  
5 operational, related to the specific facilities that  
6 they have in the Durham region. So this increases  
7 the demand for roles that more transferrable between  
8 the two organizations.

9 T. LADANYI: All right. Now, I want to follow  
10 up on some of the stuff that Mr. Shepherd was just  
11 talking to you a few minutes ago, and it is actually  
12 in relation to pages 24 and 25 of his compendium.

13 V. BENNETT: Okay.

14 T. LADANYI: And I am trying to understand the  
15 urgency of going ahead with a new office. Because  
16 you have now known for many years that you have to  
17 move. It wasn't new. So this has been known for  
18 quite a number of years. Suddenly became urgent.

19 Does this document signed October 30th, 2024, is  
20 this a document that suddenly said this is urgent, or  
21 was there another document?

22 V. BENNETT: As far as we know, this is the main  
23 document.

24 T. LADANYI: There was no letter from the City  
25 saying, get out, move out? There was nothing like  
26 that? This is the main document?

27 V. BENNETT: I believe there is also a letter  
28 from the City that I -- yeah.

1 T. LADANYI: Could you check that, and possibly  
2 file it. I would like an undertaking, I would like  
3 to see that letter.

4 V. BENNETT: Yeah.

5 T. LADANYI: Undertaking, please.

6 L. MURRAY: Do we have a yes? I didn't --  
7 sorry, maybe I am --

8 V. BENNETT: Yes.

9 L. MURRAY: Thank you. That will be undertaking  
10 J1.10.

11 T. LADANYI: J1.10.

12 **UNDERTAKING J1.10: TO PROVIDE THE LETTER FROM**  
13 **THE CITY REGARDING OSHAWA POWER NEEDING TO MOVE**  
14 **OUT OF THEIR OFFICE**

15 T. LADANYI: I am trying to understand what  
16 happens if you actually are not successful in moving  
17 out by this date I think is November 30th, 2028.  
18 What happens then? Is there, like -- just tell me,  
19 is there some kind of punishment? Are you going to  
20 have to -- suppose -- is the City going to come with  
21 bulldozers? I mean, what happens if you are unable  
22 to move for whatever reason? Can you tell me, what  
23 is the outcome?

24 V. BENNETT: We don't know, Mr. Ladanyi, what  
25 would happen.

26 T. LADANYI: So this is an unknown. All right.  
27 So when there is is a big decision, I always like to  
28 look at, essentially, when was the decision made --

1 you don't have to answer yet -- who was in the room  
2 when it was made, usually it is made in some kind of  
3 a conference room by a bunch of people sitting  
4 around, board of directors, senior management,  
5 whatever, and what information was available to the  
6 people in the room when they made the big decision.

7         So let's start off with the -- has the final  
8 decision to go ahead with this building been made  
9 yet, or is still something -- something is going to  
10 happen in the future?

11         V. BENNETT: Mr. Ladanyi, just to clarify, so is  
12 it the decision whether to move ahead with seeking a  
13 new facility or with buying the land?

14         T. LADANYI: Well, this is interesting because  
15 when I look at this decision, it seems to me that  
16 somebody -- and could be the board of directors or it  
17 could be the senior management -- decided to go ahead  
18 with the solution buying a new -- building a new  
19 building at this site no matter what the cost.  
20 Because you actually don't know the final cost, do  
21 you?

22         And also, no matter -- does the -- for example,  
23 is it dependent on OEB proving ICM in your future  
24 application? Suppose OEB turns down your ICM. Are  
25 you still going to go ahead with the building?

26         These are the kind of questions that are  
27 puzzling me. I don't quite understand the logic  
28 here. And if the final decision is made, no matter

1 what the cost, no matter if the OEB approves it or  
2 not, the ICM, we are still going ahead with this. Or  
3 where are we now in this decision-making process?  
4 Can you tell me?

5 V. BENNETT: Thanks for that time, Mr. Ladanyi.  
6 So the board of directors is aware of what we have  
7 done. We have purchased the land. They are aware of  
8 the procurements that we are doing. And our plan is  
9 to proceed with the plan to file an ICM. So that is  
10 what we have planned do.

11 T. LADANYI: So from what I understand you are  
12 saying, you are saying, we are planning to proceed  
13 until the board of directors stops us. Is that where  
14 we are now? We are keeping the informed, and it  
15 could be that some later date, they'll say in  
16 January, stop it, we shouldn't be doing this.

17 For example, in this particular proceeding comes  
18 up -- the Commissioner has come up a decision that  
19 you don't like. Is it possible that the board of  
20 directors will not approve the building?

21 V. BENNETT: So our board of directors can give  
22 us direction at any time, of course. Whether that be  
23 in January or whenever. And so -- and we would  
24 follow that direction, of course. So, you know,  
25 until then, we are proceeding as planned.

26 T. LADANYI: So when you mention board of  
27 directors and you -- I presume you are management.  
28 Board of directors is overseeing you. So you

1 informing the board of directors what you are doing.

2 Are you sending them some kind of regular  
3 records, quarterly reports, monthly reports what you  
4 doing, and then they look at that and say, we like  
5 it, or, we don't like it. I mean, how do you inform  
6 them? It is not by telephone. You must be sending  
7 them some documents.

8 V. BENNETT: So we have board meetings on a  
9 regular schedule, and that is how we keep our board  
10 of directors informed and seek approval.

11 T. LADANYI: So there is a presentation at the  
12 board of directors meetings, and they are -- what are  
13 they, quarterly? How often do these meetings happen?

14 V. BENNETT: I think they are -- yeah,  
15 quarterly.

16 T. LADANYI: Quarterly. Okay.

17 Would it be possible for you to file what you  
18 have filed so far related to this building at these  
19 quarterly meetings for the past yeah. If there is  
20 anything confidential, please, you can actually  
21 redact it. But I think -- I am puzzled about how you  
22 are informing the board of directors and where are  
23 the board of directors on this journey to get to this  
24 building.

25 J. VELLONE: Commissioner Moran, again, seeking  
26 some direction here. This is maybe the longest set  
27 of questions that I have had to sit through on a  
28 request for a relief that isn't in front of the

1 Commissioners hearing the case. It is up to you.

2 You have heard me on this point before.

3 COMMISSIONER MORAN: Maybe I can just ask a  
4 question, Mr. Ladanyi. Are you asking if Oshawa PUC  
5 Networks' board of directors has passed a resolution  
6 saying, go ahead and do a new building? Is that what  
7 your question boils down to?

8 T. LADANYI: I would love to see that, but they  
9 have not mentioned there is such a resolution. So I  
10 am trying to understand. They keep -- they saying  
11 they keeping the board of directors informed, but  
12 board of directors now made a decision.

13 If they made a decision, I would love to see the  
14 decision and the minutes of the meeting where they  
15 made that decision and what did they decide. I mean,  
16 it is relevant because a lot of things in this  
17 particular -- this current case, not some future  
18 case, depend on that decision.

19 COMMISSIONER MORAN: Right. So I mean, Mr.  
20 Vellone raises a good question, which is we don't  
21 have in front of us an application in relation to the  
22 building. What we have is a proposal to go ahead  
23 with a building and -- which we know is going to have  
24 some impact on rates over the next couple of years  
25 alongside the current ask, and we need to understand  
26 how that all fits together. So -- which is what we  
27 are interested in.

28 In terms of where the board of directors is, you

1 know, Ms. Bennett, is there a board resolution  
2 saying, we have read the report saying we want -- we  
3 are recommending that we proceed to buy some land and  
4 put a building on it, and a resolution approving  
5 that? Has that happened yet?

6 V. BENNETT: For the land, yes, Mr. Chair. For  
7 the building, it is discussed regularly with the  
8 board of directors, so they are up to speed. We  
9 don't believe there has been a resolution on the  
10 building itself.

11 COMMISSIONER MORAN: So at some point in the  
12 future, there will be a report to the board with a  
13 proposed resolution seeking approval to go ahead with  
14 the balance of that expenditure. Is that the plan?

15 A. TANG: Yes, that is the plan.

16 COMMISSIONER MORAN: Okay. So I think we have  
17 got the answer to your question, Mr. Ladanyi. There  
18 is a resolution with respect to purchasing the land,  
19 and there isn't one with respect to the building yet  
20 --

21 T. LADANYI: So can I ask, can we see the  
22 resolution approving the purchase of land? That is  
23 already happened in the past, and the numbers are in  
24 this case.

25 COMMISSIONER MORAN: Mr. Vellone is indicating  
26 yes, so perhaps by way of undertaking, then, the --

27 L. MURRAY: That will be undertaking J1.11.

28 **UNDERTAKING J1.11: TO PROVIDE A COPY OF THE**

1           **RESOLUTION APPROVING THE PURCHASE OF LAND**

2           T. LADANYI: So can you tell me what information  
3 was given to the board of directors in preparation or  
4 during the meeting where they approved the purchase  
5 of land?

6           COMMISSIONER MORAN: So essentially, Mr.  
7 Ladanyi, you are asking for the specific agenda item,  
8 the package --

9           T. LADANYI: Yes. I don't actually have to see  
10 the information. I would like to see the list of  
11 what was given to them. These decisions are  
12 something that is affecting ratepayer rates, and we  
13 want to know how much confidence we can have in the  
14 management and the board of directors of Oshawa Power  
15 when they make these very important, very expensive  
16 decisions, sometimes possibly irrevocable.

17           So I would like to see the list. I don't want  
18 to see all the documents, the list of documents what  
19 was provided to them, so they can make a reasonable  
20 decision.

21           L. MURRAY: Perhaps for just -- for clarity, we  
22 will make that as a separate undertaking. That will  
23 be Undertaking J1.12.

24           **UNDERTAKING J1.12: TO PROVIDE THE LIST OF**  
25           **DOCUMENTS THAT WAS GIVEN TO THE BOARD OF**  
26           **DIRECTORS IN PREPARATION OR DURING THE MEETING**  
27           **WHERE THEY APPROVED THE PURCHASE OF LAND**

28           T. LADANYI: Okay. Thank you.

1           So a few minutes ago when you were questioned by  
2 Mr. Shepherd, the matter of demolishing the existing  
3 building came up, and you said that the cost of that  
4 demolition is not included in your estimates.

5           Now, typically utilities, when they demolish a  
6 building, they actually charge it to accumulated  
7 depreciation, if they have a sufficient pool of other  
8 buildings. And I don't know what your pool of  
9 buildings looks like, but is -- is this in any way in  
10 a forecast of accumulated depreciation in the current  
11 proceeding, or are you planning to do that?

12           V. BENNETT: Sorry. Just one second.

13           Okay. Mr. Ladanyi, we would like to refer you  
14 to Exhibit 2, page 42. So we actually -- if we can  
15 bring that up. This is about our asset retirement  
16 obligations that are included in the application.

17           T. LADANYI: So the demolition of the building  
18 and the clearing of the site is inside those numbers?

19           V. BENNETT: Yeah. So specifically, this is the  
20 obligation to decommission buildings and was -- and  
21 the accounting details are there.

22           T. LADANYI: Okay. Thank you. So when was the  
23 2026 Oshawa utilities capital budget approved? When?  
24 Like, date, approximate date, month, whatever you  
25 have.

26           V. BENNETT: I just have to get this exact date.  
27 I think it was in -- it was December 2024.

28           T. LADANYI: So was the rate impact of the

1 capital budget given to the people when making --  
2 approving it? So they had -- did they have the  
3 information to say, if we approve a budget of this  
4 size, the rate impact will be this?

5 Maybe it is too high. Maybe you should lower  
6 it, lower the expenditures to keep the rate impact to  
7 some -- below some target, whatever they are aiming  
8 for. Was that kind of information provided to the  
9 people approving the capital budget?

10 V. BENNETT: So the capital envelopes that Mr.  
11 Weatherbee spoke to, there was those options, and the  
12 recommended options was the one that -- the option  
13 that senior management recommended. So that is what  
14 they ultimately --

15 T. LADANYI: Yeah, so I am not talking about the  
16 building. I am talking now about the entire capital  
17 budget.

18 V. BENNETT: Yeah, me too. So it is the table  
19 with the different options, so where we had the  
20 different capital options for the distribution system  
21 plan. This is the Exhibit 2 IRRs, attachment 211.

22 T. LADANYI: So if I understand what was  
23 discussed and what Mr. Weatherbee said, the only  
24 objective was to stay within the group 2 or cohort 2.  
25 There was no actual impact of -- on the rates from  
26 capital spending that was discussed when this was --  
27 the capital budget was approved.

28 V. BENNETT: The focus was staying on these

1 envelopes that had been identified and managing the  
2 rate with respect to -- in that way by staying within  
3 the capital envelope options --

4 T. LADANYI: So I hope you can answer this  
5 question. So I have been in many capital budget  
6 meetings over the years and different utilities, so  
7 usually there is tradeoffs, discussions. People in  
8 the room eventually say, maybe you should cut it by  
9 so many millions of dollars.

10 So can you tell me, how much was the capital  
11 budget cut -- 2026 proposed capital budget reduced by  
12 in this meeting that finally approved it?

13 V. BENNETT: I am going to pass this to Mr.  
14 Weatherbee.

15 M. WEATHERBEE: If I could -- if I could get you  
16 to pull up IRR2-X-45.

17 T. LADANYI: And you decided to defer spending  
18 on some assets. I think you mentioned a transformer  
19 station; is that correct?

20 M. WEATHERBEE: Yeah, transformer station was  
21 one of them, plus the -- I think it was 29 point some  
22 odd million in other deferrals.

23 T. LADANYI: Now, in my opening statement, I  
24 made a -- differentiated between revenue-producing  
25 assets, which is like a transformer station and the  
26 rest of the distribution system, conductors, switch  
27 gear, and so on, and offices, which -- offices don't  
28 produce revenue. They just essentially store people.

1 So how would you trade off the two?

2 You know, when you make this decision to defer a  
3 transformer station, which obviously is required for  
4 system growth, it is required for reliability, and so  
5 on, against an office, how do you -- how would you do  
6 that?

7 Can't you, for example, defer the office and go  
8 ahead with the transformer station.

9 M. WEATHERBEE: We couldn't defer the -- the  
10 consolidated operations facility because we were  
11 asked, through our lease agreement, to leave in 2028.

12 T. LADANYI: So you were working against this  
13 hard deadline, but you actually don't know what would  
14 happen if you missed the deadline. You are just  
15 trying to meet this deadline. I guess maybe you will  
16 not get your bonus or whatever if you miss the  
17 deadline, or some other personal thing might happen  
18 to you, but in actual fact, the world is not going to  
19 come to an end if you miss the deadline, is there?

20 M. WEATHERBEE: Sorry. I will just, first off,  
21 say it had nothing to do with our bonuses. However,  
22 are you suggesting that we -- we ignore the City's  
23 request and just stay in the facility?

24 T. LADANYI: Well -

25 COMMISSIONER MORAN: Mr. Ladanyi, sorry to  
26 interrupt. I am not sure what relevance a decision  
27 by Oshawa PUC Networks to not comply with an  
28 agreement that they have entered into has to do with

1 what we have got to decide. I think we are here to  
2 understand what the capital spend looks like, what  
3 the impact looks like for ratepayers, and what is  
4 appropriate for ratepayers to have to bear in the  
5 context of a new building being brought in the way it  
6 is.

7 So whether Oshawa PUC, you know, honours --  
8 complies with its agreement to vacate the premises  
9 and demolish it, or it doesn't, I mean, it is neither  
10 here nor there, I don't think, for our purposes. I  
11 am wondering if we could just move along to your next  
12 question.

13 T. LADANYI: Yes. I am trying to explain. What  
14 I am getting at is this: It is possible that they  
15 have deferred some assets which are much more  
16 necessary and needed than the office in order,  
17 essentially, to meet this artificial deadline that  
18 has been set by their shareholder. And therefore,  
19 and this budget is what you are approving here. You  
20 are approving the 2026 budget.

21 That is what we are discussing here. So I am  
22 challenging how valid this budget is.

23 J. VELLONE: So ask the witnesses if they  
24 deferred anything important. Like, feel free.

25 T. LADANYI: I sort of have.

26 So why don't you answer, then, Mr. Vellone's  
27 question.

28 M. WEATHERBEE: Oshawa Power balance both

1 financial and operational risk in order to consider  
2 the investment in the building and the needs of the  
3 system. We ensure that we could do all mandatory,  
4 critical, and vital equipment programs as noted in  
5 attachment 211 of the Exhibit 2 IRRs and made sure  
6 that we could maintain and enhance our system within  
7 the capital envelopes provided without sacrificing  
8 any mandatory, critical, or vital equipment projects.

9 T. LADANYI: Very good. So management put  
10 together the 2026 capital budget, and then presented  
11 it to the board of directors, and then board of  
12 directors approved the capital budget. Is that  
13 right?

14 M. WEATHERBEE: I will defer that to Ms. Tang as  
15 to the specifics, but I think she answered that  
16 question earlier.

17 V. BENNETT: Yeah. That's right. So we did  
18 bring it to the board of directors who approved it,  
19 and then they ultimately signed a letter that was  
20 included in our application approving the OM&A and  
21 capital amounts that we put forward.

22 COMMISSIONER MORAN: Which I understand is part  
23 of the filing requirements; right?

24 V. BENNETT: Yes.

25 T. LADANYI: So let's move over to the  
26 distribution system plan. So obviously when you were  
27 preparing, by the way, 2026 capital budget, you were  
28 aware of the need for the building. I mean, you --

1 in there is the money for the land and so.

2 Now, when you got a DSP, you are obviously also  
3 aware of the need for the building. I think this was  
4 covered very nicely by Mr. Shepherd earlier. So I am  
5 trying to understand what changes were made to the  
6 DSP.

7 Because you had this building -- even though it  
8 is not written up in the DSP, you have this capital  
9 expenditure, very large capital expenditure, in the  
10 future.

11 So people putting together the DSP would have  
12 said, oh, maybe we better cut some stuff in the DSP,  
13 remove some things from the DSP, because we are  
14 spending too much money. So how much was removed  
15 from DSP, from the initial plan of the DSP to the  
16 final DSP?

17 M. WEATHERBEE: Yeah. If I could refer you to  
18 what we have up on the screen here, the initial  
19 investment portfolio was approximately 109.9 or 110  
20 million over that period. And the test against our  
21 funds allowed us to bring it down to 77.6, again,  
22 making sure that we could do all mandatory, critical,  
23 and vital equipment projects.

24 And then we had to unfortunately put it up to  
25 80.8 based upon that -- the amendment to the DSC to  
26 the 40-year horizon. So it went from 110 million to  
27 80.8 million.

28 T. LADANYI: And those changes, those reductions

1 would have caused some reduction in the rate  
2 increases that you are expecting over the next few  
3 years. Wouldn't that be right?

4 V. BENNETT: Yes, that is correct.

5 T. LADANYI: But you don't know exactly how  
6 much. It is sort of like a -- can you give me -- if  
7 you do, please let me know.

8 V. BENNETT: So you are looking for an estimate  
9 of the reduction --

10 T. LADANYI: That is right. So with the  
11 original DSP before the cuts, there were going to be  
12 certain rate increases, and then group of people, I  
13 would presume management working on the DSP, would  
14 have said, oh, these are too high.

15 We have to spend money on the building, so  
16 therefore, we should cut the DSP, and this will give  
17 us -- make an effect, essentially, the rate increases  
18 over the next few years would be lower. Do you have  
19 anything like that?

20 M. WEATHERBEE: We didn't do those calculations  
21 in particular because this was the preliminary budget  
22 prior to moving forward with our approved budget.

23 T. LADANYI: By the way, who does the DSP? Is  
24 it a management group -- or, I mean, it is --  
25 obviously, you people must be involved in some way.  
26 Isn't that right?

27 M. WEATHERBEE: Yeah. I had capital oversight  
28 of the capital aspects of the application, and Mr.

1 Ganapathy beside me was the formulator, along with  
2 his team of the DSP.

3 T. LADANYI: The board of directors does not  
4 approve the DSP. Is that right?

5 M. WEATHERBEE: That is correct.

6 T. LADANYI: It is just a management document,  
7 and then the OEB actually does not approve it. The  
8 DSP only -- is only for information purposes.

9 M. WEATHERBEE: That is my understanding. The  
10 DSP is for information. The OEB approves the test  
11 year capital envelope.

12 T. LADANYI: My final question, I sort of asked  
13 it before. So there was an upcoming application for  
14 the ICM. I am still puzzled whether Oshawa Power  
15 will be going ahead with this building even if the  
16 ICM is not approved or not -- like, would you know  
17 that, or is it some kind of unknown in the future?

18 V. BENNETT: So we would plan to file an ICM  
19 application, of course, with approval of our board of  
20 directors. And we expect we will get the approval of  
21 the building before we file that.

22 T. LADANYI: Okay. I was going to say  
23 something, but I shouldn't give evidence, but from  
24 what I understand, that OPG originally planned to  
25 build a new office building in Clarington -- they  
26 were calling Clarington campus. And that was in  
27 their last case. And then they never did.

28 They actually instead took over the second half

1 -- the other half of the GM building on Colonel Sam  
2 Drive. So that is -- they actually are never -- are  
3 not going ahead with this new building.

4 So there is a possibility that even though  
5 management wants the new building, they got it all  
6 planned, tells the OEB, they actually don't do it.  
7 So is there a possibility here that you actually will  
8 not do this?

9 V. BENNETT: Yes, it would be possible if we got  
10 that direction.

11 T. LADANYI: Okay. Thank you. These are all my  
12 questions.

13 COMMISSIONER MORAN: Thank you very much, Mr.  
14 Ladanyi.

15 I think we will call it a day, and we will see  
16 you back tomorrow morning. Thank you very much.

17 --- Whereupon the proceeding adjourned at 5:12  
18 p.m. sine die