



# ONTARIO ENERGY BOARD

**FILE NO.**

**EB-2025-0014**

**Oshawa PUC Networks Inc.**

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**VOLUME:**

**2**

**DATE:**

**October 29, 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 Wednesday, October 29, 2025, commencing at 9:29 a.m.

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VOLUME 2  
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A P P E A R A N C E S

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COMMISSIONER DODDS  
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1 Wednesday, October 29, 2025

2 --- Upon resuming on Wednesday, October 29, 2025

3 at 9:29 a.m.

4 COMMISSIONER MORAN: Good morning, everyone.

5 Please be seated. Are there any preliminary matters?

6 **PRELIMINARY MATTERS**

7 J. VELLONE: Yes, one, Commissioner Moran. We  
8 will send, like, audio transcription corrections to  
9 the court reporter in due course, but I think the  
10 witnesses identified one factual correction in  
11 yesterday's transcript that I would -- it is probably  
12 best to address upfront.

13 A. TANG: Good morning, Mr. Chair,  
14 Commissioners. Yesterday -- yesterday, when I was  
15 asked by Mr. Shepherd on the question whether the  
16 only two companies that provide services to LDC are  
17 2825407 and OPUC, and I said yes, I had misspoken.

18 There should be a third one, which is OPUCES,  
19 which provides customer service support, as we've  
20 highlighted in interrogatory 4-X-1-81, and the  
21 rationale for that is because the burden would have  
22 been lower and cheaper for the LDC.

23 COMMISSIONER MORAN: Thank you.

24 Okay. I think we are ready, then, to proceed.

25 DRC, Mr. Vollmer, are you ready to begin?

26 **CROSS-EXAMINATION BY D. VOLLMER**

27 D. VOLLMER: Yes. Thank you. Good morning,  
28 Commissioners, and good morning, panel. My questions

1 today are -- I will focus on the sufficiency of  
2 Oshawa's planning and investment to support the  
3 energy transition and electrification readiness,  
4 specifically with respect to electric vehicle  
5 adoption and DER connections.

6 I think most of my questions will be directed at  
7 Mr. Weatherbee and Mr. Ganapathy, so start there.

8 Would you agree that Oshawa Power has observed  
9 material growth in EV ownership and electrification  
10 demand within its service territory since the last  
11 cost of service application?

12 A. GANAPATHY: Could you qualify the word  
13 "material" for me.

14 D. VOLLMER: I guess instead of "material,"  
15 increased growth since the last service -- cost of  
16 service.

17 A. GANAPATHY: There has been increase --

18 D. VOLLMER: Okay.

19 A. GANAPATHY: -- in that trend. I wouldn't  
20 call it substantial.

21 D. VOLLMER: All right.

22 And then, as noted in the DSP, Oshawa  
23 anticipates continued EV adoption and trans  
24 electrification growth over the rate period; correct?

25 A. GANAPATHY: We expect it to follow industry  
26 trends, correct.

27 D. VOLLMER: And then also as noted, would you  
28 agree that Oshawa has identified non-wires solutions

1 projects in the DSP including the managed residential  
2 EV charging and the Northwood Business Park  
3 initiatives are, in part at least, intended to  
4 support and manage new electric vehicle and DER loads  
5 efficiently and reliably?

6 A. GANAPATHY: That is correct. The intention  
7 of the non-wires solution is mainly to keep deferred  
8 capital investments deferred beyond the 2030 period.  
9 If you need more specifically on the non-wires  
10 solutions, I would pass it on to Ms. Bennett.

11 D. VOLLMER: If you have anything to add, for  
12 sure.

13 V. BENNETT: No. Mr. Ganapathy answered your  
14 question.

15 D. VOLLMER: As briefly mentioned yesterday, the  
16 non-wires solution initiatives also help avoid, I  
17 think, basically, as you just said, defer more  
18 expensive infrastructure upgrades; is that correct?

19 A. GANAPATHY: That is correct.

20 D. VOLLMER: In Oshawa's interrogatory response,  
21 I believe DRC 95, the company noted it is considering  
22 several non-wires solution projects to mitigate  
23 impacts from accelerate EV or DER adoption. Would  
24 you agree that maintaining flexibility to implement  
25 those projects depends at least or in part on  
26 approval of the capital funding requested as part of  
27 the DSP?

28 A. GANAPATHY: Yes.

1 D. VOLLMER: Again, in DRC 95, Oshawa Power  
2 acknowledged that under-investing in EV  
3 infrastructure could lead to reactive maintenance,  
4 delayed upgrades, and future rate increases.

5 Would you agree that part of the purpose of the  
6 DSP is to mitigate those risks?

7 A. GANAPATHY: Just give me a moment to read  
8 that.

9 J. VELLONE: Is there a specific section the  
10 witness should go to just to save us some time?

11 D. VOLLMER: I think it is C.

12 J. VELLONE: "C"? "Charles"? Thank you.

13 A. GANAPATHY: That is correct.

14 D. VOLLMER: All right. And then a reduction in  
15 capital funding for the DSP could affect Oshawa's  
16 ability to manage those risks during the rate period  
17 and beyond?

18 A. GANAPATHY: More emphasis on the "beyond,"  
19 but yes.

20 D. VOLLMER: Okay. And similarly, a decision by  
21 Oshawa to no longer pursue projects such as the  
22 identified non-wires solution initiative could also  
23 increase those risks?

24 A. GANAPATHY: That is correct.

25 D. VOLLMER: Thank you.

26 Would you agree that Oshawa Power is not  
27 required to actually implement any of the non-wires  
28 solution projects identified in the DSP during the

1 rate period?

2 A. GANAPATHY: Could you rephrase that for me?

3 D. VOLLMER: You have identified the non-wires  
4 solution projects, but there is nothing that requires  
5 you to actually implement those projects.

6 A. GANAPATHY: We state this a little more  
7 elaborately in Appendix A of the business case for  
8 non-wires solutions. However, for non-wires  
9 solutions to be beneficial, it needs to be started at  
10 an early enough stage for it to be able to offset  
11 traditional infrastructure replacements, which is why  
12 it needs to be done within this rate period.

13 It doesn't directly mitigate risk within this  
14 rate period, but it is necessary in order to mitigate  
15 risks beyond it.

16 D. VOLLMER: Okay. Thank you.

17 Following that, could you maybe just talk a bit  
18 more about what kind of criterias or triggers would  
19 cause the company to move forward with the  
20 implementation of those projects.

21 V. BENNETT: Sorry, Mr. Vollmer. Can you just  
22 repeat the question.

23 D. VOLLMER: Yeah. So I am just wondering more  
24 what criterias or triggers for Oshawa would cause the  
25 company to move forward with actual implementation of  
26 those non-wires solution projects that were  
27 identified?

28 V. BENNETT: So the criteria that we would need

1 would be the -- we are seeking the capital  
2 expenditure -- seeking to get this approved as part  
3 of our capital expenditure envelope.

4 In addition, we would seek to align with the  
5 latest policy guidance related to EDSM stream 2  
6 programs, which -- which now connect with the rate-  
7 funded non-wires program, so that would require us to  
8 file a benefit cost analysis according to the OEB's  
9 policies when those are finalized.

10 D. VOLLMER: Thank you.

11 All right. Assuming that Oshawa moves forward  
12 with those projects, and specifically the EV and the  
13 DER-related projects investments, how does Oshawa  
14 intend to measure whether they are actually  
15 delivering the expected system benefits, for example,  
16 avoided upgrades or improved load management?

17 V. BENNETT: So within the non-wires business  
18 case itself, so this is in Exhibit 2, DSP -- so  
19 attachment 2-1 and within the non-wires business case  
20 in Appendix A. I will just need a minute to get  
21 there. And if we scroll to the proposed projects,  
22 which begin on page 11. Okay. Perfect.

23 So just going to the next page about project 1,  
24 and this is -- this is the managed residential EV  
25 charging, so, Mr. Vollmer, I think it was the project  
26 you were referring to.

27 We have identified an anticipated estimated  
28 impact at the top of this page where we are looking

1 to shift 95 percent of participants' EV charging load  
2 to off-peak and looking for an average load shift of  
3 0.5 to 1.1 kilowatts per EV.

4 And this is based on studies that -- that we --  
5 with our potential supplier. So this is what we  
6 would be looking for our estimated impact of this  
7 program.

8 D. VOLLMER: Okay. And then, I guess, and how  
9 would you be measuring that impact?

10 V. BENNETT: So we plan to follow the BCA  
11 guidance. So if we achieve the benefits that we have  
12 established associated with the cost, we will  
13 consider the program a success.

14 D. VOLLMER: All right. Thank you.

15 I want to turn briefly to customer-level access.  
16 The evidence in your interrogatory responses to DRC,  
17 which I think are 95F, G, and H, note barriers for  
18 multi-unit residential customers, but no specific  
19 program to address them. I am just wondering why  
20 Oshawa hasn't developed a proactive approach for  
21 equitable access to charging infrastructure.

22 V. BENNETT: We are just turning to that  
23 exhibit.

24 And, Mr. Vollmer, just to confirm, this relates  
25 to part F of that interrogatory response?

26 D. VOLLMER: I think so, yeah.

27 V. BENNETT: Okay.

28 A. GANAPATHY: Mr. Vollmer, I can take this.

1 D. VOLLMER: Okay.

2 A. GANAPATHY: So here specifically in the  
3 question, we are saying we are not providing any  
4 funding opportunities for upgrading of supply  
5 infrastructure, specifically to EVs. We are doing  
6 everything in our power to be accommodating loads, be  
7 it EVs or heat pumps or any other load within Oshawa.

8 Currently we do not experience any constraints  
9 to connect these new customers to the grid.  
10 Specifically here because the EV adoption is not  
11 equal among all rate classes or all customers within  
12 Oshawa. This would be a targeted program for a very  
13 specific genre of people, which is why it is not  
14 currently a consideration that we have made.

15 D. VOLLMER: Okay. Thank you.

16 Would you agree that there is value for the  
17 company and its customers to identify and invest in  
18 projects that support reliability, customer service,  
19 and cost control as electrification grows, for  
20 example, some of the EV and DER-related elements, the  
21 modernization initiatives, and innovation projects  
22 described in the DSP?

23 A. GANAPATHY: Yes.

24 D. VOLLMER: And deferring those investments and  
25 projects could increase future costs, particularly if  
26 load growth related to DERs and EVs accelerates  
27 faster than expected?

28 A. GANAPATHY: Correct.

1 D. VOLLMER: I think just, again, there is  
2 nothing requiring Oshawa, in the DSP or in this  
3 application, to implement any of those identified  
4 projects that support and facilitate DER and EV  
5 connections and integration?

6 A. GANAPATHY: In order to keep the deferred  
7 capital projects deferred, we would need to have  
8 those investments made within this rate period.

9 D. VOLLMER: Okay.

10 Would you agree that Oshawa Power has an  
11 important role in ensuring safe and reliable  
12 connections for these technologies and others such as  
13 EV charging infrastructure and DERs in its service  
14 territory?

15 A. GANAPATHY: Yes. As the LDC, we would have  
16 to treat every customer equally, and these types of  
17 technologies would fall under that, so yes.

18 D. VOLLMER: So the evidence, and we talked  
19 about it today, provides that Oshawa will use non-  
20 wires solutions to mitigate faster-than-expected EV  
21 adoption.

22 How confident are you that the approaches and  
23 projects identified in the DSP can be deployed  
24 quickly enough if adoption accelerates during the  
25 rate period?

26 A. GANAPATHY: It is early to say how much  
27 growth EV is expected to take off within this rate  
28 period. However, this is a reasonable approach to

1 being able to accommodate those loads beyond the  
2 2030 period.

3 For what we assume is a reasonable growth, we  
4 follow the OEB's load forecasting guidelines and work  
5 with the GTA East planning group.

6 D. VOLLMER: Thank you.

7 In your interrogatory response, I think 93A or  
8 B, you indicated that Oshawa Power does not have  
9 internal tracking for EV charger connections or an  
10 internal forecast of EV uptake, and then given the  
11 clear growth trend, just wondering why that hasn't  
12 been developed as part of this DSP?

13 A. GANAPATHY: We don't have an internal  
14 tracking mechanism; however, we are aware of  
15 resources already available out there, such as the  
16 MTO's database on the number of EVs within a certain  
17 region based on postal codes. We leverage that data  
18 to feed into our load forecasting methodologies,  
19 which we work with the GTA East regional planning  
20 group on.

21 So it is a combined effort that we adopt as an  
22 internal forecast, but it has come up as a group  
23 effort between different LDCs, the transmitter, as  
24 well as the IESO.

25 D. VOLLMER: Great. Thank you.

26 Would you agree that the DSP's modernization  
27 initiatives such as the installation of new meters,  
28 GIS, and automation investments are necessary to

1 effectively monitor and manage growing EV and DER  
2 activity?

3 A. GANAPATHY: Yes.

4 D. VOLLMER: And without those systems in place,  
5 Oshawa would have less visibility into local  
6 constraints or opportunities to optimize EV charging  
7 and DER integration; correct?

8 A. GANAPATHY: That is a valid statement.

9 D. VOLLMER: And I think this will be my final  
10 question.

11 Would you agree that improved data and  
12 visibility from these modernization investments are  
13 likely to also support future EV and DER-related  
14 reporting or metrics over the rate period that may be  
15 needed or required by other programs such as the DSO  
16 project discussed in the DSP?

17 A. GANAPATHY: Agreed.

18 D. VOLLMER: Great. Thank you.

19 So those are my questions. Much quicker than  
20 needed. And I was hoping if the Commissioners would  
21 allow me to cede some time to Mr. Brophy, which we  
22 had talked about and had some similar questions.

23 COMMISSIONER MORAN: Thank you, Mr. Vollmer.  
24 And, of course, we are running slightly behind  
25 schedule, so subject to getting back on schedule, we  
26 will see how this goes.

27 So you are up next, Mr. Brophy.

28 M. BROPHY: Great. Thank you very much.

1 My name is Michael Brophy on behalf of Pollution  
2 Probe. And we had filed a Pollution Probe  
3 compendium. Perhaps we can get that marked as an  
4 exhibit.

5 L. MURRAY: That will be Exhibit K2.1.

6 **EXHIBIT K2.1: POLLUTION PROBE COMPENDIUM**

7 M. BROPHY: Okay. Thank you.

8 COMMISSIONER MORAN: Mr. Brophy, the microphones  
9 are directional, so you have to -- yeah, there you  
10 go.

11 **CROSS-EXAMINATION BY M. BROPHY**

12 M. BROPHY: Okay. Perfect. I always struggle  
13 with the direction of the mics. I won't be using all  
14 the time that Mr. Vollmer had given up, so we should  
15 be on track, to let everybody know. Okay. Great.

16 So the first question -- you don't need to pull  
17 up this reference unless you want to, but Exhibit 1,  
18 page 25 indicates that Oshawa Power has improved its  
19 asset conditioning methodology, moving away from a  
20 reliance on service age as a primary criterion.  
21 Instead, using a more comprehensive multi-faceted  
22 health index formulation.

23 I think you were actually talking about that  
24 this morning as well with Mr. Vollmer. So I am  
25 assuming that is correct?

26 A. GANAPATHY: Yes, that is correct.

27 M. BROPHY: Okay. Thank you. And I understand  
28 that using asset health instead of age is a best

1 practice. Is that correct?

2 A. GANAPATHY: That is the industry best  
3 practice. That is correct, yeah.

4 M. BROPHY: Okay. Thank you. And perhaps we  
5 can pull up the distribution asset condition chart  
6 labelled E1. I provided it as page 3 of Pollution  
7 Probe compendium, but if you need the original  
8 evidence reference, I can provide that as well.

9 Page 3, yeah and maybe if we can just -- yeah,  
10 get it so we can see the whole thing would be great.  
11 I am assuming you are familiar with figure E1,  
12 distribution assets health index results?

13 A. GANAPATHY: Yes, I am.

14 M. BROPHY: Okay, thank you.

15 And when I look at that figure, the asset health  
16 based on condition looks pretty good. Would you  
17 agree with that?

18 A. GANAPATHY: Based on this chart?

19 M. BROPHY: Correct.

20 A. GANAPATHY: Yes.

21 M. BROPHY: Okay. So now that you are using  
22 condition assessment instead of simply age, can you  
23 explain how that would result in a decrease in  
24 replacements compared to the old way, if you were  
25 just using age without assessing condition?

26 A. GANAPATHY: It is not a direct correlation to  
27 decrease in system renewal efforts, but more  
28 extraction of maximum value and optimize the asset to

1 ensure that an asset that may have remaining life but  
2 is just beyond typical useful life is not prematurely  
3 replaced.

4 And to add to that, the asset condition is one  
5 aspect of the improvement to the ACA away from age.  
6 The other would be the incorporation of an impact  
7 factor as well, which this table does not take into  
8 account.

9 M. BROPHY: Okay. So if you are able to  
10 identify assets where the health is okay even though  
11 the age would have pushed you previously to replace  
12 them, then that would -- that would help you manage  
13 your capital spend. Is that accurate?

14 A. GANAPATHY: That is correct. It would push  
15 us to focusing on assets that need more of the  
16 attention. Those assets may be more complicated or  
17 complex assets, but rightfully so because of the risk  
18 associated with them.

19 M. BROPHY: Okay. And have you done any  
20 calculations on the amount of capital assets that you  
21 would be able to not replace prematurely by using to  
22 this methodology?

23 A. GANAPATHY: Could you reframe that for me?

24 M. BROPHY: Sure, yeah. So you've moved to the  
25 new methodology. It provides an opportunity to look  
26 at the health of the asset instead of doing  
27 replacement based on age.

28 So has Oshawa Power done any assessment of what

1 that means for not having to replace, you know,  
2 certain amounts of assets that you would have done  
3 previously?

4 A. GANAPATHY: It is not a direct study to tie  
5 those two things together. However, it would be more  
6 a risk-based approach where it shows that the assets  
7 that are being targeted are based on what risk it has  
8 on the system's ability to provide safe and reliable  
9 power.

10 So that is captured within the asset condition  
11 assessment. We have not done another study on if  
12 assets were replaced based on age versus condition,  
13 what the difference would be.

14 M. BROPHY: Okay. Thank you. I understand that  
15 answer.

16 Okay. The next question -- and I can give you  
17 some references, but you don't have to pull these up  
18 unless you want to.

19 So in response to Pollution Probe's 86(c),  
20 Oshawa Power had noted that it doesn't have load  
21 forecasts for local DERs beyond those, I think, that  
22 are coming from IESO.

23 For 2-DRC-92, you indicated that Oshawa Power  
24 does not have documentation in respect to DERs, and  
25 you were just talking to Mr. Vollmer about the same  
26 tracking relating to EVs, I believe.

27 So given that DERs are becoming an increasing  
28 importance and value, including to the local grid,

1 what enhancements is Oshawa Power planning to make  
2 over this term in modelling and tracking local DERs?

3 And you can use the -- I know you answered an  
4 interrogatory response indicating that you accepted  
5 the broader DER definition, so you can use that as  
6 your definition for DERs if that is easier.

7 A. GANAPATHY: So I am going to break that  
8 question down a little. So in -- I would have to go  
9 to reference, but 286 or 292 -- sorry. Those  
10 actually might be different IRs you are referring to.

11 But -- so when we say we don't have internal  
12 tracking of EVs and DERs, actually we do have  
13 internal tracking for DERs. For EVs, we don't track  
14 them as EVs separately, but we know that there is EVs  
15 within the system. But we treat them more so from a  
16 load perspective because the point at which we won't  
17 be able to connect new EVs would be based on a  
18 loading constraint.

19 And because our load forecasts include EV growth  
20 that we come up with, with the GTA's regional  
21 planning forecast, it is already incorporated into  
22 the planning mechanism to ensure that there is no  
23 constraints for EVs to be able to connect within the  
24 period. And that is from the loading side of the  
25 EVs.

26 And for DERs specifically, the main constraints  
27 that a DER could induce into the system are thermal  
28 capacity constraints and short circuit capacity

1 constraints.

2           And we work with Hydro One to ensure that  
3 upstream constraints are not the most limiting  
4 factor, and we incorporate that into our planning  
5 process as well.

6           And as you may know already, we are working on  
7 the OEB's letter to provide a DER capacity mapping  
8 exercise, which is actually due October 31st. And we  
9 have done our methodology, and there are no immediate  
10 constraints to being able to accommodate DERs.

11           So we are aware of what is within our system and  
12 planning it in a risk-based manner so that we avoid  
13 immediate rate impact.

14           M. BROPHY: Yeah, and thank you for that  
15 response. For specific DERs, either existing or  
16 planned over the term, or even beyond the term, I  
17 guess, I did see you had indicated the tracking or  
18 inclusion in your demand forecast or your actuals for  
19 the micro DERs, I think.

20           But my understanding is that your demand  
21 modelling currently and your forecast doesn't include  
22 discrete local DERs outside of that -- the micro set  
23 that you had noted. Is that correct or...

24           A. GANAPATHY: The forecast inclusions for DERs  
25 that I am speaking of, that comes as an input from  
26 the IESO for the GTA's regional planning, does not  
27 qualify that to just be for micro. So I am not sure  
28 that that distinction is --

1 M. BROPHY: Sure. And I didn't mean to get  
2 stuck on the word "micro," but the IESO has certain  
3 information on DERs, but typically only the ones that  
4 they are managing contracts for and IESO's  
5 information is not going to be as good at a local  
6 level, other than what they contract for, because  
7 they know that info, about the evolution of DERs in  
8 your service territory.

9 So as DERs continue to grow but aren't  
10 contracted with IESO, which is happening and likely  
11 to happen more in the future, how are you planning to  
12 capture those?

13 A. GANAPATHY: So we do provide our local  
14 internal DG actuals to the IESO as well so that they  
15 are aware of what the current state of the system is.

16 And the more detailed planning of when we need  
17 to start worrying about these discrete, but very  
18 large, would depend on how much short circuit and  
19 thermal capacity constraints are available.

20 A lot of the times, what we have noticed with  
21 our customers is that they are not driven from grid  
22 constraints, but they want to meet their own energy  
23 requirements, which we have no way of knowing, but we  
24 have regular conversations with them.

25 So we make sure that we are well informed, and  
26 on an as-needed basis, communicate higher up to Hydro  
27 One in GTA East to the IESO to make sure that it is  
28 not just distribution constraints that are

1 considered, but also transmission and so on.

2 So I think our methodology is to just be in the  
3 known by having constant conversations with entities  
4 that are interested.

5 M. BROPHY: Okay. Thank you. And you noted  
6 that, you know, you provide your demand forecast into  
7 the regional planning process that -- I am unfamiliar  
8 with that four-stage process, and, you know, IESO  
9 adds on what they know about eDSM DERs, you know,  
10 based on their contracts and information.

11 I think you noted that Oshawa Power provided the  
12 base forecast that included DERs even before IESO  
13 added theirs in. So is that correct, or did I hear  
14 that wrong?

15 A. GANAPATHY: So, yes. So you are talking  
16 about demand and DERs together in this case. So the  
17 demand that we would have provided is net demand,  
18 which would have already included offsets from CDMs  
19 and DERs. We would also give them the actual DGs  
20 that are within the facility.

21 The IESO adds back the amount that they expect  
22 to be offset by DGs into their gross forecasts, and  
23 then they use the gross demand forecast as the  
24 starting point to the load forecast, and then they  
25 reintroduce a forecast for DGs as well.

26 M. BROPHY: Okay. Would you be able to provide  
27 the DER elements that you provided in your forecast  
28 that are different than what IESO included?

1           So the ones that came locally from you versus  
2 the ones that IESO had because they are managing  
3 them.

4           A. GANAPATHY: A correction there. So we didn't  
5 provide a DER forecast. We provide the actual DERs  
6 that are within the system currently. So it would be  
7 a list of customers with capacities.

8           M. BROPHY: Yeah.

9           A. GANAPATHY: And just to clarify, this process  
10 is still happening. The IESO has requested this data  
11 from us. We are gathering the DER list. We have it,  
12 but it hasn't been submitted to the IESO yet.

13          M. BROPHY: Okay. I am just looking for the  
14 last available or convenient list. And obviously,  
15 you can block out the customer names because we don't  
16 need to know the customers. That would be  
17 confidential information. If you would be able to  
18 provide that, that would be great.

19          A. GANAPATHY: Yeah, we can give it to you in  
20 that level. However, within the application, at an  
21 aggregated level, we have already provided this. I  
22 could point you to that in --

23          M. BROPHY: Yeah, I know what the aggregate. I  
24 am just trying to understand the more granular level  
25 below the demand forecast at an aggregate level.

26          A. GANAPATHY: Understood. So you don't mind us  
27 leaving out the customer info, but you would like the  
28 capacities to be provided?

1 M. BROPHY: Correct. And if it indicates the  
2 type of DER, great, but if you don't have that, then  
3 I understand.

4 A. GANAPATHY: Got it.

5 L. MURRAY: That will be by undertaking J2.1.

6 M. BROPHY: Thank you very much.

7 **UNDERTAKING J2.1: TO PROVIDE THE DER ELEMENTS**  
8 **THAT WERE PROVIDED IN THE FORECAST THAT ARE**  
9 **DIFFERENT THAN WHAT IESO INCLUDED**

10 M. BROPHY: So if we can go to Pollution Probe  
11 compendium page 2, and that includes part A of the  
12 response of 1-X-25. This includes a chart. So maybe  
13 we can put the chart of the grid innovation timeline  
14 that goes out to 2025. Do you see that?

15 V. BENNETT: Yes.

16 M. BROPHY: Okay. Perfect. Thank you.

17 So I know this is a historical chart because it  
18 ends in 2025. This diagram shows that during the  
19 current rate term, Oshawa Power targeted delivery of  
20 certain DER tools and distributor competencies, one  
21 being the DER aggregation platform. Do you see that?

22 I think it is the third last one on the  
23 timeline. Probably in 2024/2023 based on that arrow.

24 V. BENNETT: Is it the -- oh, the distributed --  
25 it is on the top? It is the --

26 M. BROPHY: Correct.

27 V. BENNETT: Okay.

28 M. BROPHY: Yes.

1 V. BENNETT: I just need a minute --

2 M. BROPHY: No problem.

3 V. BENNETT: -- to take a look at our evidence.

4 M. BROPHY: As you are looking, if it is  
5 helpful, I can just tell you what one of the  
6 questions is. It is did you complete that item that  
7 was on that timeline?

8 Also, if it is easier to take it away as an  
9 undertaking, that is fine too.

10 V. BENNETT: Yeah, Mr. Brophy, I think we will  
11 need to get the final details and provide it in an  
12 undertaking.

13 M. BROPHY: Sure. So do you need me to restate  
14 the undertaking or is it --

15 L. MURRAY: I think for the benefit of the court  
16 reporter, that would be great.

17 M. BROPHY: Okay. Thank you.

18 So the undertaking is for the 10-year innovation  
19 timeline included in Pollution Probe compendium page  
20 2, was the item listed as "distributed energy  
21 resource aggregation platform" completed, and if it  
22 was, if there is any details on that, and if it was  
23 not, why not.

24 L. MURRAY: That will be undertaking J2.2.

25 **UNDERTAKING J2.2: TO ADVISE WHETHER THE ITEM**  
26 **LISTED AS "DISTRIBUTED ENERGY RESOURCE**  
27 **AGGREGATION PLATFORM" ON POLLUTION PROBE**  
28 **COMPENDIUM PAGE 2 WAS COMPLETED, AND IF IT WAS,**

1           **TO PROVIDE ANY DETAILS ON THAT, AND IF IT WAS**  
2           **NOT, TO ADVISE WHY NOT**

3           M. BROPHY: Okay. Thank you for that.

4           And on that timeline, because it ends in 2025,  
5 do you know if you have an updated version that goes  
6 out past 2025? And if you need to take that away as  
7 well, that fine.

8           V. BENNETT: I don't believe we do have an  
9 updated version of this specific timeline. The most  
10 up to date would be our plans within the  
11 applications.

12          M. BROPHY: Okay. Thank you. Terrific.

13          The next question -- and we may need to make you  
14 refer to the compendium materials related to Durham  
15 region. But before I dive into those, Oshawa Power  
16 has committed to meeting customer and system needs in  
17 alignment with the energy transition and climate  
18 policy objectives, and there were some responses in  
19 interrogatories and technical conference related to  
20 that.

21          So can you -- you can -- can you confirm that  
22 that is still the case?

23          V. BENNETT: Yes.

24          M. BROPHY: Okay. Thank you.

25          And then Oshawa Power had provided some  
26 information on the net zero and climate policy  
27 commitments that you have looked at.

28          And I can take you to the two references in the

1 compendium if we need to, but I will just state the  
2 question first, and if you need me to walk you  
3 through it, I am happy to do that.

4 So based on current information, my  
5 understanding is that Durham region commitment is for  
6 net zero by 2045; is that your understanding? Is  
7 that correct?

8 V. BENNETT: There is an interrogatory on this  
9 that I am just going to pull up. Just give me a  
10 second to find it.

11 M. BROPHY: Sure.

12 V. BENNETT: Okay. So it is 2-PP-37. And this  
13 doesn't speak specifically to this resolution, but --  
14 that you have included in your materials, but I would  
15 note it was identifying the actions that have been  
16 taken in the period between 2021 and 2025. And I  
17 note the resolution is in 2021, so these appear to be  
18 in support of these -- of these specific targets,  
19 from my reading.

20 M. BROPHY: Okay.

21 So if I take you to the compendium, there is one  
22 page. It is council minutes where an item of report  
23 was put forward. It was accepted and endorsed by  
24 council, and the report indicates the net zero by  
25 2045 objective. So I think you are confirming that  
26 is correct, but if you need me to walk you through  
27 that, I can.

28 V. BENNETT: Yeah, so I saw this within your

1 materials. So I am seeing it here. I confirm that  
2 it does appear to say that. I think it is on -- just  
3 for reference -- can you just give the page? I --

4 M. BROPHY: For the compendium?

5 V. BENNETT: Yeah.

6 M. BROPHY: Sure. So the -- you know, the  
7 minutes where it was passed is compendium PDF page 4,  
8 and then the report with the net zero by 2045 that  
9 was filed and endorsed by the Board is page 7 --

10 V. BENNETT: Yeah. Yeah.

11 M. BROPHY: -- of the PDF.

12 V. BENNETT: Yeah, so based on the timelines, we  
13 were -- we were working in support of these plans,  
14 beginning in -- from 2021 to -- or beyond this, but  
15 we did report specifically on the actions taken since  
16 2021, and we have a close working relationship with  
17 the region. So it was in support of this plan if  
18 this was their plan at the time.

19 M. BROPHY: Okay. I think that is sufficient  
20 for that question.

21 Okay. I just have one -- one final question.  
22 Yesterday you had talked about the Strategic Asset  
23 Management Plan and the prioritization and the  
24 capital costs prioritization exercise that you went  
25 through. And through that process, it sounds like  
26 there were certain projects that were deprioritized,  
27 removed, or delayed in order to fit within the five-  
28 year plan that you have filed.

1 I am wondering, what is the best way to  
2 understand what projects were removed from the five-  
3 year plan in order to -- because I saw the dollar  
4 numbers. You went through that yesterday. And then  
5 I looked at the Strategic Asset Management Plan,  
6 which is a higher level. It doesn't include the  
7 actual types of projects that were delayed or  
8 removed.

9 Is there something available that lays that out.

10 A. GANAPATHY: It is attachment 2-11, the PMC  
11 slide report, and the -- I believe it is the last  
12 page on that slide that talks about the risks of  
13 omissions. Those were the omissions itself.

14 M. BROPHY: Okay. Maybe we can just pull that  
15 up. I am just trying to understand the types of  
16 projects that were actually removed. So that  
17 reference, it indicates the dollar amount. But is  
18 there a list available?

19 A. GANAPATHY: So I can speak to what those  
20 dollar amounts go to. So the City --

21 M. BROPHY: It is not really about the dollars.  
22 It is more about the projects, yeah.

23 A. GANAPATHY: I understand. I will elaborate  
24 on the types of projects that those dollars associate  
25 with. So the City and region jobs are third-party-  
26 driven relocation jobs that the City does not have  
27 specific timelines on that were proposed between the  
28 2029 to the 2033 period.

1           These are road rehabilitation efforts where  
2 hydro infrastructure may be in the way and need to  
3 get moved out of the way so they can either widen or  
4 rehabilitate or introduce new sidewalks, et cetera.

5           The second item there is meter re-verification.  
6 This is more of a risk assumption where if all of the  
7 meters that are up for re-verification in 2028 were  
8 to fail, it would have been an additional \$5.5  
9 million in meter replacement -- meter replacements,  
10 but that is an assumed risk that not all of them will  
11 fail.

12           The last being the asset condition assessment  
13 recommendations, which pertain to items that have  
14 been identified for replacements within the ACA but  
15 were at a lower risk level compared to other assets  
16 within the same category that were of a higher  
17 priority.

18           M. BROPHY: Okay. So these three categories are  
19 the -- are the types of projects removed in order to  
20 rationalize your budget down to what was -- what was  
21 filed; correct?

22           A. GANAPATHY: That is correct. Along with the  
23 station that was deferred as well, which is indicated  
24 on the previous slide.

25           M. BROPHY: Okay. Okay. Thank you very much.  
26 Those are my questions.

27           COMMISSIONER MORAN: Thank you very much, Mr.  
28 Brophy.

1 Mr. Gluck, I think you're up next.

2 **CROSS-EXAMINATION BY L. GLUCK**

3 L. GLUCK: Good morning. My name is Lawrie  
4 Gluck, and I have a few questions on behalf of the  
5 Consumers Council of Canada. I filed a compendium on  
6 Sunday, so if we can mark that, please.

7 L. MURRAY: That will be Exhibit K2.2.

8 **EXHIBIT K2.2: CONSUMERS COUNCIL OF CANADA**  
9 **COMPENDIUM**

10 L. GLUCK: Thank you.

11 So I would first like to talk about Oshawa  
12 Power's approach to forecasting capital in-service  
13 additions. So if we can go to the compendium at PDF  
14 page 3, please. And if we could go to the response  
15 to part C, which is a bit further down the page.

16 V. BENNETT: Mr. Gluck, can you just move the  
17 microphone --

18 L. GLUCK: Yes.

19 V. BENNETT: -- closer to your face. We can't  
20 hear you.

21 L. GLUCK: Sure. Sorry.

22 So in this -- in this response, Oshawa Power  
23 notes that it assumes all capital expenditures  
24 forecasts for the test year will go into service in  
25 that year; is that right?

26 M. WEATHERBEE: Can you repeat that question,  
27 please, Mr. Gluck?

28 L. GLUCK: Sure.

1 In the response at part C, Oshawa Power notes  
2 that it assumes all capital expenditures forecasts  
3 for the test year will go into service in that year;  
4 is that right?

5 M. WEATHERBEE: In the test year of 2026?

6 L. GLUCK: Yes.

7 M. WEATHERBEE: That is correct.

8 L. GLUCK: And would you agree that Oshawa Power  
9 has had projects in the past where construction would  
10 start in one year, but the asset would not actually  
11 enter service until a later year?

12 M. WEATHERBEE: Yes, that is correct.

13 L. GLUCK: Thank you.

14 Can we go to the compendium at page 14, please.  
15 And in the response to part I of this question, here  
16 Oshawa Power discusses that -- how it has forecasted  
17 CWIP for the test year, and the basis for that  
18 forecast starts with the 2023 actual CWIP balance  
19 plus certain land cost to derive the 2025 CWIP  
20 amount.

21 And from there, the 2026 amount is calculated by  
22 escalating the 2025 amount by 2 percent; is that  
23 right?

24 M. WEATHERBEE: That is correct.

25 L. GLUCK: Thank you.

26 And how did you come to the conclusion that a 2  
27 percent escalation over 2025 CWIP is the appropriate  
28 forecast for 2026 construction work in progress?

1 M. WEATHERBEE: I will pass that to Ms. Tang.

2 A. TANG: We projected an inflationary increase,  
3 which we know that it is conservative.

4 L. GLUCK: Okay.

5 And so you would agree based on that that you  
6 did not do any actual analysis of the projects that  
7 Oshawa Power expects to complete during the test year  
8 and a consideration of whether those projects will  
9 actually be completed within that year; is that fair?

10 M. WEATHERBEE: So, Mr. Gluck, the plan is to  
11 complete those projects in the -- within the year;  
12 however, due to issues beyond our control, we have  
13 decided to place a potential of a CWIP within that  
14 year for those specific projects.

15 L. GLUCK: So let me ask you this: The -- you  
16 didn't actually offset the capital amounts in the  
17 test year, so you have a capital plan of, like, \$17  
18 million for 2026, right, and your forecast of CWIP is  
19 350 grand.

20 And you did not actually, for the purposes of  
21 setting rate base, remove the 350 grand if one was to  
22 accept that a 2 percent escalation is correct.

23 V. BENNETT: Mr. Gluck, can you point us to the  
24 350 grand that you are referring to?

25 L. GLUCK: Sure, sure. It is not in my  
26 compendium. We would need to go to the chapter 2  
27 appendices at 2BA, please.

28 Okay. So this is the fixed asset continuity

1 schedule. If you move down to 2026, should be at the  
2 bottom of the page. And at the very bottom of the  
3 2026 table, you will see here that there is a row  
4 titled "Total PP and E For Rate Base Purposes."

5 And in there you have included the entirety of  
6 your capital expenditure plan of 17.018 million. And  
7 then in a separate line, you have CWIP of \$356,000.

8 And based on the response you just gave me, my  
9 understanding is that you believe, based on your 2  
10 percent escalation factor, that \$356,000 of your  
11 capital expenditure plan will not go into service  
12 during the test year, but yet you have included it in  
13 a rate base.

14 A. GANAPATHY: Mr. Gluck, maybe I provide a  
15 little bit of clarification initially on our  
16 discussions of the expenditures and in-service.  
17 There may be a little bit of confusion there already.

18 L. GLUCK: Sure.

19 A. GANAPATHY: So in Appendix 2-AA, we actually  
20 didn't report expenditures at all. All of it is  
21 based on in-service additions. So 2-AA and 2-AB are  
22 reported based on in-service additions, and this is  
23 highlighted in response to IR 2-35D.

24 L. GLUCK: Okay. So what you are saying is that  
25 your capital plan is actually 17.4 million? Is that  
26 what you are saying to me? That you expect to have  
27 capital expenditures of \$17.4 million?

28 A. GANAPATHY: So the expenditures and, I

1 believe, the CWIP line there includes opening balance  
2 as well as closing balances. Or is it specifically  
3 additions?

4 L. GLUCK: Well, the 2BA that we just looked at,  
5 the 356 grand was additions to CWIP.

6 A. GANAPATHY: Then, yes, the expenditures  
7 expected within that year would be 17.4.

8 L. GLUCK: Okay. So can you tell me what those  
9 additional \$400,000 of expenditures are? Because  
10 they wouldn't be shown anywhere if you've only showed  
11 in-service additions.

12 A. GANAPATHY: I don't have the information of  
13 what makes up 350K right now.

14 L. GLUCK: Okay. So can you undertake to  
15 provide what those additional \$400,000 of  
16 expenditures are?

17 A. GANAPATHY: Yes.

18 L. MURRAY: That will be Undertaking J2.3.

19 **UNDERTAKING J2.3: TO ADVISE WHAT THE ADDITIONAL**  
20 **\$400,000 OF EXPENDITURES ARE IN RELATION TO THE**  
21 **FIXED ASSET CONTINUITY SCHEDULE**

22 L. GLUCK: And I do want to go back to the 2  
23 percent escalation. So you have basically used a  
24 conservative inflationary number applied to the 2025  
25 CWIP, but you might expect that when a capital plan  
26 grows, you know, your forecast period is higher than  
27 the historical period, then you are -- as you are  
28 doing more work, there might be higher CWIP. More

1 things don't get completed within the year.

2 And I do want to ask, did you consider that at  
3 all when you were forecasting the in-service addition  
4 amounts?

5 V. BENNETT: Okay. So the answer is no, but I  
6 am going to pass it to Mr. Ganapathy.

7 A. GANAPATHY: I can't speak specifically on the  
8 CWIP line itself. But based on in-service additions,  
9 we did go on the individual line items to see what  
10 was possible or what was the historical trend and  
11 establish that number with a combination of forecasts  
12 and historical spends.

13 L. GLUCK: Okay. Thank you.

14 COMMISSIONER MORAN: Mr. Gluck, I just have a  
15 clarification question.

16 L. GLUCK: Sure. Of course.

17 COMMISSIONER MORAN: I am sorry for the  
18 interruption.

19 Ms. Tang, you used the word "conservative," and  
20 there is competing theories as to what that word --  
21 how that word is used. When you said "conservative,"  
22 did you mean conservative on the basis that inflation  
23 would be higher or lower than the 2 percent that you  
24 are using?

25 A. TANG: Yes, that is the -- yes, that is the  
26 expectation.

27 COMMISSIONER MORAN: Sorry. Higher or lower?

28 A. TANG: It would be higher. Inflation would

1 be higher.

2 COMMISSIONER MORAN: Okay. Thank you.

3 L. GLUCK: Okay. Thank you. My next set of  
4 questions are about the 2025 capital plan, so the  
5 bridge year.

6 If we could go to page 15 of the compendium,  
7 which is a copy of Appendix 2-AA that was filed as  
8 part of the partial settlement agreement with no  
9 changes. It is just a copy and put on one page.

10 If we could go to the bottom of the page, and  
11 you will see a figure of \$4 million and a figure of  
12 \$13.4 million. And the first one is January to June,  
13 and the second one is for the rest of the year. And  
14 would you take it, subject to check, that as of the  
15 end of June, you had spent only \$4 million or 23  
16 percent of the total capital plan?

17 A. GANAPATHY: I understand this is not a direct  
18 answer to your question; however, I would want to  
19 clarify again that the numbers reported from Jan to  
20 June and July to December are in-service numbers, not  
21 --

22 L. GLUCK: Okay. I apologize. I have been  
23 looking at them as cap ex numbers. So they are in-  
24 service addition numbers. So you brought into in-  
25 service 4 million by the end of June, and you have  
26 13.4 million to go, and you are at 23 percent at the  
27 end of June?

28 A. GANAPATHY: The 23 percent, I would have to

1 verify. But everything else, correct.

2 L. GLUCK: Okay. Thank you. And looking at the  
3 -- there is a line item titled "Municipal Substation  
4 Switch Gear Replacement Program." And I think it is  
5 a bit up on the page. It would be in the renewal  
6 category. Yeah. Okay. So there it is.

7 So there you are showing zero of in-service  
8 additions by the end of June, and then the 3.5  
9 million happening at the end of the year. Can you  
10 advise whether you are still forecasting that you  
11 will complete the MS7 switchgear replacement project  
12 by the end of 2025.

13 M. WEATHERBEE: That is correct.

14 L. GLUCK: Okay. Thank you.

15 And more generally, can you advise where Oshawa  
16 Power is today in terms of its in-service additions  
17 for the 2025 bridge year?

18 M. WEATHERBEE: We are on track to complete 2025  
19 as shown here in Appendix 2-AA.

20 L. GLUCK: Okay. So can you undertake to  
21 provide an update to Appendix 2-AA that goes to the  
22 end of October or September or whatever the most --  
23 best available information you have?

24 M. WEATHERBEE: Yes, we can get it to the end of  
25 September.

26 L. GLUCK: Thank you.

27 L. MURRAY: That will be undertaking J2.4.

28 **UNDERTAKING J2.4: TO PROVIDE AN UPDATE TO**

1           **APPENDIX 2-AA THAT GOES TO THE END OF SEPTEMBER**

2           L. GLUCK: Okay. Can we go to the compendium,  
3 CCC compendium, at page 20, please. And this table  
4 describes a cost overrun related to the expansion of  
5 overhead automated switching and SCADA project.

6           And in the second row, the centralized  
7 automation controller integration and deployment of  
8 network devices aspect of the project is discussed.

9           And can you further explain the cause of the  
10 \$228,000 increase relative to the budget.

11          A. GANAPATHY: Yes. So we have talked about  
12 FLISR in the application -- which is fault location,  
13 isolation, service restoration.

14          With the implementation of FLISR comes  
15 inclusions of networking devices that need to report  
16 back to the SCADA system, which is what it is talking  
17 about here.

18          L. GLUCK: Okay. And did you know about that?  
19 Like, did you know you would need those things when  
20 you were budgeting for the project?

21          A. GANAPATHY: I can't speak to the very  
22 intimate details of the budgeting from the previous  
23 filing. Unfortunately, I don't have that  
24 information.

25          L. GLUCK: Okay. And if we go down a little bit  
26 below the table, it says that there are no change  
27 orders available for this project. And I would have  
28 thought a project that nearly doubled in budget,

1 doubled in cost, that there would be change orders,  
2 and that would be the kind of thing a utility would  
3 do when, you know, the costs of a project are going  
4 up significantly.

5 M. WEATHERBEE: I will ask Mr. Yackoub to speak  
6 to our change order process and its evolution.

7 M. YACKOUB: Yeah. So the change order process  
8 that we implemented is part of the -- some of the PMO  
9 changes that we have put in. And they are still  
10 maturing, and so we have implemented them gradually.

11 L. GLUCK: So this was before the PMO office; is  
12 that what you're saying?

13 M. YACKOUB: We are still maturing the practices  
14 and so we have not -- not every change is captured by  
15 the change order as we are implementing those  
16 practices.

17 L. GLUCK: Okay. Thanks for that.

18 I would like to talk about third party  
19 relocations, please. And this would be the CCC  
20 compendium at page 25, please. And if we go to the  
21 response to part A, please.

22 And my -- first, I just want to confirm that the  
23 2026 gross third party relocation project budget is  
24 \$2.9 million for 2026; is that right?

25 M. WEATHERBEE: That is correct, 2.916.

26 L. GLUCK: Thank you.

27 And can you confirm for me, based on this  
28 response to part A, that the actual projects that

1 underpin that \$2.9 million of spending are in the  
2 conceptual and coordination stage?

3 A. GANAPATHY: That is correct. It is in the  
4 conceptual stage.

5 L. GLUCK: And you would agree based on that  
6 that there is significant uncertainty with respect to  
7 the timing and scope of the projects that underpin  
8 the \$2.9 million budget?

9 A. GANAPATHY: Specifically around the scope of  
10 the project, we are in conversations with the City  
11 and Region consistently. So right now, there are  
12 some unknowns. The scope can change.

13 However, I would like to note that in the  
14 interest of pacing the projects and not having a  
15 higher amount in the test year, we have already  
16 deferred quite a few of the other projects that have  
17 been identified as potentially going into service in  
18 2026 by the City, the Region, the MTO, and Metrolinx.

19 And those can be seen in one of the tables that  
20 we have provided for the phasing for third party  
21 relocations. Just give me a second while I pull that  
22 table up.

23 That will be attachment 2-8 of Exhibit 2, IRRs.  
24 As you will see here, the amount for 2026 adds up to  
25 way above the 2.9. And I should mention that these  
26 are actually net amounts that are reported here. So  
27 in the interest of rate mitigation, we have already  
28 assumed the risk of some of these projects

1 materializing in the test year but have not included  
2 it in the test year.

3 L. GLUCK: Could we go to the top of the table,  
4 please? Okay. Thank you. Can we go to part C of  
5 response at -- the CCC compendium, page 25, please.  
6 Thanks.

7 So here, Oshawa Power describes its approach to  
8 forecasting capital contributions for third party  
9 relocation projects and states that it is used a  
10 sample of historical projects and views 2024 as an  
11 outlier. Is that a reasonable summary of the  
12 response?

13 A. GANAPATHY: 2024 in its entirety is not an  
14 outlier, just the one project that has been called  
15 out in 2024, which is the Hydro One Wilson TS feeder  
16 relocation, which received significantly more  
17 contribution from Hydro One, is the outlier.

18 L. GLUCK: Thank you. Can we go to the  
19 compendium at page 24, please. If we go to the top  
20 just to give context. This is the Appendix 2-AA  
21 breakdown that really showed the capital  
22 contributions on different lines, it was provided as  
23 an IR response.

24 And for the third party relocation projects, for  
25 the forecast period, you have used a contribution  
26 ratio of 24.5 percent. Would you take that subject  
27 to check? Basically \$710,000 divided by 2.9 million,

28 A. GANAPATHY: I believe in the same IR we do

1 mention the 24.5 percent contribution.

2 L. GLUCK: Okay. Thank you. And for 2025, you  
3 used a contribution percentage of 20 percent; is that  
4 right?

5 A. GANAPATHY: I would like to go back to that  
6 IR really quickly if I could.

7 L. GLUCK: Sure.

8 A. GANAPATHY: It is the previous IR that Mr.  
9 Gluck had just --

10 L. GLUCK: It would have been page 24 of the  
11 compendium -- 25, sorry.

12 A. GANAPATHY: Just give me one second while I  
13 review this.

14 So, Mr. Gluck, it is the other way around. The  
15 contribution percentage by removal of the Hydro One  
16 Wilson TS from the historicals yielded a 22.6  
17 historical contribution whereas the assumed  
18 forecasted is 24.5.

19 L. GLUCK: Yeah, I was asking about 2025. That  
20 is 2024. If we go back to the last page, you will  
21 see in 2025 for third party relocations, you have  
22 gross capital of 1.75 million and contributions of  
23 350 grand. And that is a 20 percent contribution  
24 ratio.

25 A. GANAPATHY: Sorry, I would have to check the  
26 actual percentage; however, 2026 onwards was what the  
27 percentage that I am talking about applies to.

28 2025 projects are more so based on more

1 available information. So they are actuals, not  
2 assumptions. They are still forecasts, but better  
3 forecasts.

4 L. GLUCK: Okay. And when I look at the actuals  
5 for 2021 to 2023 -- and I have pulled out the entire  
6 year of 2024 because I cannot -- I don't know exactly  
7 what projects you have used in your sampling. Would  
8 you take it subject to check that the actual  
9 contribution percentage was 28.6 percent? That is  
10 2021 to 2023.

11 You would take the sum of third party  
12 relocations in those years, the gross cost, you would  
13 take the sum of the capital contributions for those  
14 years. And if you divide those, I am asking you to  
15 take it subject to check that that is 28.6 percent.

16 A. GANAPATHY: No, I would have to verify those  
17 percentages for sure; however, the 23.5 -- or 24.5  
18 percent or these 20 percents can vary project to  
19 project.

20 We follow the agreement with the City and the  
21 Region which are based off of the public service  
22 *Highway Act* that says that you share 50 percent of  
23 the labour and labour saving device costs with the --  
24 with these parties, and that is how the forecast  
25 percentages were come up with, using a bottom-up  
26 approach of arriving at what the individual gross  
27 costs of those projects would end up being, and then  
28 calculating what our portion of the cost for that

1 would be.

2 And the average ended up being the 22.6, I  
3 believe, in the IR response that we mentioned. So it  
4 is not that we used the average to calculate it. The  
5 average was arrived at using the bottom-up approach.

6 L. GLUCK: Sorry, I am not following. Let's go  
7 back to the IR response because you are talking about  
8 the 22.6 percent from there?

9 A. GANAPATHY: That is correct.

10 L. GLUCK: So you -- is the only project you  
11 removed from your historical period the Hydro One  
12 project when you were doing this math?

13 A. GANAPATHY: For the average comparison? Yes.  
14 But the average comparison is not what drove the  
15 percentage split between the contributions and gross  
16 expenditures in the 2026 to 2030 period, as I just  
17 described.

18 L. GLUCK: You described you used this part C  
19 where you describe how the breakdown works, 50  
20 percent of labour and labour saving devices. That  
21 part of your response?

22 A. GANAPATHY: That is correct. At the  
23 individual project level. And then on top of the  
24 omissions that have already been done from the 2026  
25 test year, these were the numbers that were arrived  
26 at.

27 L. GLUCK: Okay. We talked before, you don't  
28 actually know what projects you are going to do in

1 the forecast period for third party relocations.

2 So you are using what appears to be some sort of  
3 granular approach by project. I think that is what  
4 you have just told me. But you don't even know what  
5 projects you are going to bring in service.

6 A. GANAPATHY: So the statement I made about  
7 what projects not being known was for the 2029 to the  
8 2033 period, which were completely omitted from the  
9 DSP planning period.

10 The 2026 to 2030 period, if we go based off of  
11 our last conversation with the third party entities,  
12 we would have to place in-service and do work that  
13 amounts to the net costs that are indicated in  
14 attachment 2-8.

15 However, knowing those specific projects, not  
16 all of them may come into fruition. We have assumed  
17 an annual average for all the projects that are to be  
18 done in those five years, and then included it as a  
19 per-year cost.

20 L. GLUCK: Okay. So I guess I would like to see  
21 it. Can you show me how you calculated the 24.5  
22 percent forecast of capital contributions?

23 A. GANAPATHY: Yes.

24 L. MURRAY: That will be Undertaking J2.5.

25 **UNDERTAKING J2.5: TO SHOW HOW THE 24.5 PERCENT**  
26 **FORECAST OF CAPITAL CONTRIBUTIONS WAS CALCULATED**

27 COMMISSIONER MORAN: Mr. Gluck, is this a good  
28 time for a break?

1 L. GLUCK: Sure, yeah.

2 COMMISSIONER MORAN: Okay. We will come back at  
3 11:00.

4 --- Recess taken at 10:47 a.m.

5 --- Upon resuming at 11:02 a.m.

6 COMMISSIONER MORAN: Mr. Gluck.

7 L. GLUCK: Thank you. I have one last question  
8 with respect to CCC compendium page 24 and the third-  
9 party relocations.

10 A. GANAPATHY: Sorry, Mr. Gluck. Could you move  
11 your mic closer.

12 L. GLUCK: Yes. Sorry. I think -- yeah.

13 So I am just looking here at the third-party  
14 relocations, and you have explained to me earlier  
15 this morning that this is an in-service addition  
16 schedule.

17 And for third-party relocations between July to  
18 December 2025, I am seeing \$1.5 million of in-service  
19 additions. But for the 2025 bridge year, you have  
20 forecast 1.75 million. Can you just help me with  
21 that?

22 A. GANAPATHY: Is your question that there was a  
23 revision?

24 L. GLUCK: Is that just a discrepancy or...

25 A. GANAPATHY: No. That is just the revision  
26 for the two columns, 2025 Jan to June and 2025 July  
27 to December. The 2025 bridge year is not the sum of  
28 the two but is as filed.

1 L. GLUCK: It is as filed.

2 And I think you mentioned some corrections in  
3 your opening statements, and the correction that you  
4 are talking about, I think it was a CIS or ERP  
5 duplicate; is that right?

6 So is that the only correction you intend to  
7 make, I guess, is my question?

8 V. BENNETT: So, Mr. Gluck, I just note that  
9 that column, I believe it was column R, had a formula  
10 error in that it didn't have a formula summing the  
11 two columns before it.

12 L. GLUCK: Okay.

13 V. BENNETT: And so this -- the 1.7 should  
14 reflect the 1.555 plus the 166.

15 L. GLUCK: Sorry. Can you say that again?

16 V. BENNETT: So there was an error in the column  
17 labelled "2025 Bridge Year."

18 L. GLUCK: Yeah.

19 V. BENNETT: And that should -- that should have  
20 summed to the 166 plus the 1.555. It should have  
21 been the sum of those two. Instead, it reflected the  
22 original filed bridge year amount without the update  
23 for January to June.

24 L. GLUCK: What is the 155 that you are  
25 referencing?

26 V. BENNETT: So it is the "Connections" row, and  
27 it is the -- I am adding the 2025 January to June  
28 value.

1 L. GLUCK: Okay.

2 V. BENNETT: And the 2025 July to December  
3 value.

4 L. GLUCK: Okay. So you are correcting the  
5 schedule; is that right?

6 V. BENNETT: That is correct.

7 L. GLUCK: Okay. Thank you.

8 Can we go to CCC compendium page 29, please.

9 And my next set of questions are related to the  
10 timing of the MS9 new feeder project. And, first, my  
11 first question, just to set context, the project  
12 install three new feeders at the MS9 station is  
13 estimated to cost \$1 million, and you're forecasting  
14 the assets to come into service in 2026; is that  
15 right?

16 A. GANAPATHY: That is correct.

17 L. GLUCK: And if we could go back one page in  
18 the compendium, I understand that the -- it might be  
19 a bit up, yeah -- the timing of the MS9 feeder  
20 project is directly associated with the Conlin Road  
21 widening project; is that right?

22 A. GANAPATHY: Could you point to where it says  
23 "directly associated with"?

24 L. GLUCK: I guess the timeline must align with  
25 the City of Oshawa's planned road widening project on  
26 Conlin Road, which will require pole line  
27 relocations?

28 A. GANAPATHY: That is more of an accurate

1 representation of what is said there. It is that for  
2 operational efficiencies when the roads are dug up,  
3 such as in the case of a road widening project, that  
4 underground work is expected to be less expensive.

5 So this is, in a way, to achieve operational  
6 efficiency. We are making sure that this is done in  
7 conjunction with the City's Conlin road widening  
8 project.

9 L. GLUCK: Okay. Thank you.

10 And is the Conlin Road widening project that we  
11 are talking about that is related for efficiency  
12 purposes with the MS9 feeder project -- is that  
13 Conlin Road from Harmony to Grandview?

14 A. GANAPATHY: Just give me one second.

15 I would have to check the specific geography of  
16 it. I am not sure. It is at the intersection of  
17 Wilson and Conlin. That is where the station is.  
18 And the road widening efforts for the City will  
19 include that intersection. I would have to take it  
20 back to see if it is specific to that.

21 L. GLUCK: I think my -- the more important  
22 question is the road widening project that is related  
23 to MS9. Is that road widening work done or planned  
24 for early in 2026?

25 A. GANAPATHY: It is planned for 2026, yes.

26 L. GLUCK: It is planned for 2026. So nothing  
27 has started yet?

28 A. GANAPATHY: They have other parts of Conlin

1 that they are already working on --

2 L. GLUCK: Okay.

3 A. GANAPATHY: -- which are part of this rate  
4 application. It is a continuation of that project.  
5 So it is in the works, from the City's perspective.

6 L. GLUCK: Okay. Thank you.

7 And can we go to CCC compendium page 35, please.  
8 And if we go down a little bit, the question here in  
9 part B highlights that Oshawa Power's reliability in  
10 2024 improved relative to previous years with SAIDI  
11 of 0.3 and SAIFI of 0.29.

12 Are those correct figures? It is in the  
13 question for part B. It was just simplest to find it  
14 there.

15 M. WEATHERBEE: That is correct. In B, we can  
16 confirm those numbers.

17 L. GLUCK: Okay. Thank you.

18 And if we go down to the next page for 2025, it  
19 is under the improvements. You expect that there  
20 will be strong reliability outcomes with estimated  
21 SAIDI of 0.39 and SAIFI of 0.43 for 2025; is that  
22 right?

23 M. WEATHERBEE: At the time of the IRR response,  
24 that was correct.

25 L. GLUCK: Okay. Has something changed?

26 M. WEATHERBEE: Yes. We are trending slightly  
27 higher currently.

28 L. GLUCK: Okay. But still strong reliability

1 outcomes?

2 M. WEATHERBEE: Comparative to other LDCs, still  
3 strong.

4 L. GLUCK: Thank you.

5 And can we go to the compendium at page 40,  
6 please. And table 15 shows a summary of the results  
7 of Oshawa Power's asset condition assessment; is that  
8 right?

9 A. GANAPATHY: Could you repeat the exact words  
10 you said on that.

11 L. GLUCK: I said, it shows the results of the  
12 asset condition assessment?

13 A. GANAPATHY: So I would like to point out that  
14 this is the condition assessment only, not the final  
15 output of the ACA.

16 L. GLUCK: Okay. No, that is fair. Thank you.

17 And looking at the distribution assets, would  
18 you take it subject to check that 1.8 percent of the  
19 total population of these assets are in poor or very  
20 poor condition?

21 A. GANAPATHY: I would have to -- I would have  
22 to look into that percentage, but are you just adding  
23 up assets in different categories and --

24 L. GLUCK: Yeah, all I did was sum the assets in  
25 poor and very poor condition, and I divide it by the  
26 total population of assets.

27 A. GANAPATHY: Between all categories?

28 L. GLUCK: Yeah, it is 18,568 assets, and the

1 total population is 1.02 million.

2 A. GANAPATHY: I would have to verify the math.

3 L. GLUCK: But would you take it subject to  
4 check?

5 A. GANAPATHY: If you could repeat -- or if you  
6 could go to the next question, maybe I can help  
7 without confirming or taking that subject to check.

8 L. GLUCK: Sure.

9 A. GANAPATHY: I might still be able to answer  
10 your question qualitatively.

11 L. GLUCK: Okay.

12 And would you agree that this is a low  
13 percentage of assets in deteriorated condition?

14 A. GANAPATHY: Condition specifically --

15 L. GLUCK: Yes.

16 A. GANAPATHY: -- in comparison to the total  
17 asset base that Oshawa Power had? Yes.

18 L. GLUCK: Yes. Thank you.

19 And if we can go to page 63 of the compendium,  
20 please. And look -- in this table, you provided the  
21 total number of assets being replaced in the column  
22 titled "Total Forecast Period," and the number of  
23 assets in poor or very poor condition in the column  
24 titled "Table 15"; is that right?

25 A. GANAPATHY: That is correct. However, along  
26 with this table, we have also provided additional  
27 context as to why these numbers should not be  
28 compared to one another because we are using an

1 intermediate result from the ACA, as mentioned in the  
2 last column title where it says "Intermediate Output  
3 of the ACA," being compared to what goes through a  
4 full system planning process that may not just  
5 include assets that are being replaced just because  
6 they are in a bad condition, again, being an  
7 intermediate output of the ACA.

8 L. GLUCK: Thanks.

9 And for each of poles, underground cables, pole-  
10 mount transformers, pad-mount transformers, and  
11 distribution switchgear, the result of your -- your  
12 proactive replacement program is to replace more  
13 assets than there are assets in poor or very poor  
14 condition; is that right?

15 A. GANAPATHY: To replace more assets than in  
16 poor or very poor condition, which is an intermediate  
17 result of the ACA, correct.

18 L. GLUCK: Thank you.

19 And so we just talked about it. You have  
20 significantly improved reliability, should be looking  
21 for ways to reduce capital spending, reflect what the  
22 company would agree -- what I hope the company would  
23 agree is a very real affordability concern, but yet  
24 is proposing to replace more assets than there are  
25 actually in poor or very poor condition; is that  
26 right?

27 A. GANAPATHY: Sorry. I will need you to repeat  
28 that again.

1 L. GLUCK: Fair.

2 So we just talked about it. You have improved  
3 reliability 2024/2025; is that fair?

4 A. GANAPATHY: That is fair to say.

5 L. GLUCK: And I will break it up. So is the  
6 company -- does the company agree that there is a  
7 real affordability concern with respect to its  
8 application when you consider both the current  
9 application and proposed ICM request that would be  
10 coming in for 2027?

11 A. GANAPATHY: So specific to affordability, I  
12 would pass that question on, but I believe there is  
13 an aspect of this question that you had asked in the  
14 first part that I can still answer.

15 So if you wouldn't mind finishing that question,  
16 and I will pass on the affordability aspect of it to  
17 Ms. Bennett.

18 L. GLUCK: Maybe we should take the  
19 affordability part.

20 V. BENNETT: Mr. Gluck, as we discussed  
21 yesterday, Oshawa Power has a focus on controlling  
22 costs for reasonable rates, and that includes a --  
23 remaining in cohort 2 and demonstrating really good  
24 cost performance.

25 And so there are macroeconomic conditions that  
26 contribute to affordability issues, and we do discuss  
27 that in the evidence. We don't see a direct  
28 correlation to our rates.

1 L. GLUCK: So an increase over five years for  
2 residential customers of 45 percent is not an  
3 affordability concern resulting from your proposals?

4 V. BENNETT: Can you direct me to where you got  
5 45 percent?

6 L. GLUCK: Sure. It is essentially your test  
7 year increase, which is 22 percent, and then adding  
8 to that is the \$4.45 for the building-related costs  
9 and then applying a price cap index of 2 percent as a  
10 reasonable, I would say, conservative estimate of  
11 what the price cap index will be.

12 V. BENNETT: So we acknowledge these are  
13 increases. I would like to quickly turn to the  
14 settlement proposal that shows the bill impacts.

15 L. GLUCK: Sure.

16 V. BENNETT: Okay. So this is page 7 of the  
17 proposed settlement proposal -- sorry -- of the  
18 settlement proposal.

19 So the residential, the increase, if we can just  
20 scroll over to subtotal C, this is the impact on the  
21 total bill. So we do have the 20 percent increase,  
22 which, as I noted in the table above, does exclude  
23 the disposition of GOCA. So I think that is the 2  
24 percent difference you mentioned, which has a total  
25 bill impact in 2026 of 3.2 percent.

26 And this is reflective of the evidence filed in  
27 this proceeding, about 2,000 pages explaining what we  
28 are doing with this, the needed increase in capital

1 expenditures, as well as operating costs related to  
2 staff, addressing turnover, addressing modernization,  
3 addressing meeting regulatory requirements and issues  
4 like bad debt.

5         And that gets us to the total bill impact here.  
6 The bill impact that you are referring to with the  
7 building was provided in a letter a couple weeks ago,  
8 which was -- I believe it was 445. As we said, the  
9 timelines and the final cost of those are still  
10 uncertain, so we don't know exactly when those will  
11 come in, exactly how much they will be. And so we  
12 don't agree with adding them together as you have.

13         And I would also say we haven't had a chance to  
14 provide the evidence on that because we haven't filed  
15 the ICM demonstrating the prudence of that  
16 expenditure, which is a requirement of the OEB for us  
17 to do as part of our incremental capital module.

18         And so I just wanted to make that distinction  
19 that this is what our application is on, and the  
20 information we have provided reflects this bill  
21 increase.

22         L. GLUCK: Thank you. And you would agree,  
23 though, this panel here who is making a decision in  
24 this application, it is important for them to  
25 understand the total bill impacts that will arise  
26 from the known proposals today, both in this  
27 application and what we know is coming at some point  
28 within this term. Would you agree to that?

1           V. BENNETT: I would agree. And I would note  
2 that we have provided all of the information on the  
3 public record that has been requested of us to do  
4 exactly that.

5           But it doesn't remove the fact that we have not  
6 filed an ICM application, and we are not requesting  
7 recovery for the costs associating with the facility  
8 in this application.

9           L. GLUCK: Okay. Thank you.

10          I have a few questions now about the  
11 presentation made to Oshawa Power's Project  
12 Monitoring Committee in July of 2024. And you have  
13 discussed this slide deck a few times yesterday and  
14 this morning. I do not have it in my compendium, but  
15 it is attachment 2-11.

16          So first, can you please confirm that this slide  
17 deck is what Oshawa Power has referred to as its  
18 options analysis?

19          M. WEATHERBEE: Can you repeat that question?

20          L. GLUCK: Can you confirm that this slide deck  
21 is what Oshawa Power has referred to as its option  
22 analysis?

23          M. WEATHERBEE: This was presenting capital  
24 envelopes to our Project Monitoring Committee.

25          L. GLUCK: And I am fairly sure you have  
26 described it as your options analysis in -- I think  
27 it is in an October 23rd letter. Maybe it is not  
28 October 23rd, but a recent letter, you described it

1 in that way.

2 V. BENNETT: I am just going to pull up the  
3 exact wording of that letter.

4 L. GLUCK: Sure.

5 V. BENNETT: I will note that in SEC's letter of  
6 October 23rd, and this was the one labelled "Response  
7 to Motion," the letter specifies options analysis and  
8 provides an explanation of this being related to how  
9 to prioritize and manage the cost of the project  
10 within the context of the capital plan and OM&A  
11 budget. So if -- with that definition, this options  
12 -- 2-11 does respond to that.

13 I would just say my understanding of an options  
14 analysis is comparing different options to solve a  
15 problem, i.e. different options for the facility,  
16 which we have provided in attachment 1-3. So I just  
17 wanted to make that clarification.

18 L. GLUCK: Okay. Thank you.

19 And the company in its opening remarks stated  
20 that this presentation outlines how much management  
21 considered capital envelope options in the context of  
22 future costs associated with the new administrative  
23 building. Is that right?

24 M. WEATHERBEE: That is correct.

25 L. GLUCK: Thank you. And with respect -- if we  
26 could go to -- is 2-11 open? Yeah. If we could go  
27 to page 6 of this document, please. One more page.  
28 Thanks.

1           So the station mentioned on this slide, the  
2 company has described as a deferral. So not seeking  
3 funding for the station you have described as a  
4 deferral; is that right? And a deferral relating to  
5 the new administrative building?

6           M. WEATHERBEE: With respect to the station, our  
7 recommended ask was the deferral of the station. As  
8 you can see in option 3, 15.5 million, no new  
9 station.

10          L. GLUCK: Right. And as we just talked about,  
11 this presentation is the company's analysis of things  
12 it can do to lower costs in the context of the new  
13 administrative facility. Is that fair?

14          M. WEATHERBEE: Along with other things, yes.  
15 Not specifically the administrative consolidated  
16 facility.

17          L. GLUCK: Okay. And can we go to -- and it is  
18 not in my compendium. Can we go to the distribution  
19 system plan at page 24, which is page 82 of the  
20 Exhibit 2 PDF. It is probably up two pages. I think  
21 I got that a bit off. Thank you.

22          So in the first full paragraph on this page,  
23 Oshawa Power discusses a new community being built by  
24 the Columbus Landowners Group. Is that right?

25          M. WEATHERBEE: Yes, that is correct.

26          L. GLUCK: And in this same paragraph, Oshawa  
27 Power explicitly says that the new station is not  
28 needed in the 2026 to 2030 period to serve this

1 community. Do you see that?

2 M. WEATHERBEE: That is correct. Because this  
3 was based on the risk that we did evaluate based upon  
4 our -- balancing our operational and financial risks.

5 L. GLUCK: Thank you.

6 And so what are we supposed to take from these  
7 two separate statements? Here, it says that the  
8 station is not needed. In the presentation we were  
9 looking at, you are calling it a deferral relating to  
10 the administrative facility.

11 And are you telling us that if you did not need  
12 to plan around the new administrative facility, you  
13 would have constructed a new station that you do not  
14 need?

15 M. WEATHERBEE: So the answer to that is not --  
16 not correct. We were working within the envelopes  
17 provided by our finance team, balancing both  
18 operational and financial risks.

19 L. GLUCK: So how is it a deferral? You didn't  
20 need to build the station.

21 A. GANAPATHY: I will provide a little more  
22 context on this. The station here saying that the  
23 high level forecast was requested and deferred ties  
24 into the risk evaluation that we had to take place in  
25 order to defer the station.

26 So Columbus Landowners Group, without divulging  
27 too much of the details on their specific  
28 developments, had ambitious growth expectations

1 within the period.

2 We at the time needed to -- I don't want to call  
3 it "install" -- construct a new station in order to  
4 meet these demands.

5 We spent a significant amount of time discussing  
6 with the Landowners Group in order to understand  
7 their full capability, and as a result, decided that  
8 we can assume the risk of not constructing a new  
9 station by introducing the three new feeders in the  
10 MS9 station as an alternative and try to mitigate the  
11 rate impact of both a station and a building within  
12 the same rate period, which is why we assumed a  
13 reasonable risk approach, and then deferred the  
14 station to a later time so that it is used for by a  
15 larger audience.

16 L. GLUCK: Okay. Can we go back to the  
17 presentation, attachment 2-11, and if we could go to  
18 the next page, please. And here, you described three  
19 other omissions from the recommended ask. Is that  
20 right?

21 M. WEATHERBEE: That is correct.

22 L. GLUCK: And the first one you discussed a bit  
23 with Mr. Brophy this morning, and my understanding  
24 from that conversation is that these are third party-  
25 driven projects in the later years of the term, the  
26 rate-making term, that are extremely uncertain. Is  
27 that fair?

28 M. WEATHERBEE: Not extremely uncertain. These

1 are projects that we are taking a calculated risk  
2 that they may not transpire.

3 L. GLUCK: But you have uncertainty related to  
4 2026 projects, and you are talking about projects  
5 that are in 2029 and 2030. So the uncertainty is  
6 even higher. Is that fair?

7 M. WEATHERBEE: It still within the forecast  
8 period.

9 L. GLUCK: Okay. So you are considering these -  
10 - not including these projects as a deferral of  
11 capital spending associated with the new  
12 administrative building. Is that fair?

13 M. WEATHERBEE: It is not directly related to  
14 the administrative building.

15 L. GLUCK: I thought this slide deck that we are  
16 talking about was you -- was the company showing how  
17 it has managed its capital budget in a manner that  
18 reflects the extremely large spending that is coming  
19 next year?

20 M. WEATHERBEE: Yeah, as we stated, this is  
21 based upon the envelope that was provided by the  
22 finance team that balanced both operational and  
23 financial risks.

24 L. GLUCK: Okay. And looking at the second  
25 admission here, this is related to the exclusion of  
26 an incremental \$5.5 million in meter replacement  
27 budget relative to what is included in the capital  
28 plan, which is 5.5 million as well. And so are those

1 numbers correct?

2 M. WEATHERBEE: Those numbers are correct based  
3 upon our approximation and estimates. Mr. Ganapathy  
4 explained that earlier to Mr. Brophy, I think.

5 L. GLUCK: Sure. And in terms of the  
6 probability that all meters will actually fail  
7 verification, you don't actually believe that is a  
8 likely outcome, do you?

9 M. YACKOUB: I can answer that one. We just  
10 don't know, and so it is a risk. So the rate at  
11 which they failed re-verification is unknown at these  
12 ages, and we are taking a calculated risk again based  
13 on historicals.

14 L. GLUCK: Do you have any sense that -- to me,  
15 it seems like it is a very low risk that all meters  
16 would fail re-verification, but do you have any sense  
17 of what kind of risk you are actually taking on here?

18 M. YACKOUB: I wouldn't characterize it as a  
19 very low risk, no.

20 These meters, many of them are coming up to 18  
21 years, which is past the useful life and actually  
22 over the recommended lifetime from the manufacturer  
23 themselves. So the electric meters are hard to  
24 predict, so we don't know the risk, but we are  
25 obviously taking that risk.

26 L. GLUCK: Okay. And with respect to the third  
27 category, this is omitted replacement assets at a  
28 cost of \$20 million. And this is describing a

1 category of assets that Oshawa Power does not plan to  
2 replace during the IR term that are mostly in fair  
3 condition, but the ACA methodology flagged as  
4 potentially needing replacement. Is that correct?

5 A. GANAPATHY: Fair condition and high risk. So  
6 the risk aspect of it is just an important factor.  
7 And yes.

8 L. GLUCK: Okay. And these asset replacements  
9 are lower priority than Oshawa Power's replacements,  
10 that it has included in its capital plan that already  
11 includes the replacement of more assets than there  
12 are assets in poor or very poor condition. Is that  
13 right?

14 A. GANAPATHY: That is not correct. I think you  
15 are missing the context that I had mentioned earlier  
16 about that being a comparison to the intermediate  
17 result and not the final ACA result, and that fair  
18 and high risk is still based on industry expertise  
19 from METSCO's ACA, something a typical utility would  
20 take into consideration for replacement within its  
21 rate term, but we have assumed that risk of not doing  
22 so in order to mitigate rate impact.

23 L. GLUCK: Okay. Would you agree that Oshawa  
24 Power is considering its decision to not replace  
25 assets that are in fair condition and may not need to  
26 be replaced imminently, given its recent strong  
27 reliability results, as a deferral of capital  
28 spending?

1           A. GANAPATHY: So again, fair condition and high  
2 risk, and the direct correlation to reliability is --  
3 I should clarify that this is all based on  
4 probability, and the industry expertise is that it is  
5 probable for fair assets with high risks to have  
6 those sorts of failures. That is the risk we are  
7 assuming within this rate term.

8           L. GLUCK: Okay. Thank you very much.

9           I have a few specific questions about the pole  
10 replacement program. Can we go to the CCC compendium  
11 at page 67, please.

12           And here, the company states that pole  
13 enforcement was not considered as a alternative full  
14 replacement, and you do not have an estimate of the  
15 cost difference between pole replacement and pole  
16 enforcement. Is that a fair summary?

17           A. GANAPATHY: That is correct.

18           L. GLUCK: And can you explain why pole  
19 enforcement was not considered by Oshawa Power as a  
20 reasonable strategy to avoid the need for full  
21 replacement?

22           A. GANAPATHY: Pole enforcements are typically -  
23 - they haven't been in the industry for that long;  
24 however, the impact that the poles that we are  
25 calling for replacement within the pole replacement  
26 program is significantly high due to the fact that  
27 they have 13 kV and 44 kV lines on them.

28           That is why pole reinforcements were not

1 considered as a viable option for this.

2 L. GLUCK: Are you saying that you know that  
3 pole enforcement would not work? Is that what you  
4 are suggesting?

5 A. GANAPATHY: We have, since the submission,  
6 when this question came through, also looked further  
7 into it, and it is an evolving industry. Asset  
8 management is always evolving.

9 So there is new practices every single year, and  
10 this was one of the ones that we did look into after  
11 the submission and gained some more knowledge on.

12 L. GLUCK: Okay. Could we go to page 70 of the  
13 compendium, please. And this is an interrogatory  
14 response from Burlington Hydro 2026 rates  
15 application.

16 And if we look at the response in the second  
17 part of table 1, you can see that Burlington Hydro  
18 has included planned pole reinforcements as part of  
19 its capital plan. And essentially, Burlington Hydro  
20 plans to replace 104 poles at a cost of around 15K  
21 each and reinforce 50 poles at cost of around \$1,600  
22 each.

23 Do you see that?

24 A. GANAPATHY: I do.

25 L. GLUCK: And I am not asking you to agree with  
26 the precise numbers in terms of the cost of  
27 replacements for Burlington Hydro, but would you  
28 agree that pole reinforcement costs would come at a

1 very significant discount to pole replacements?

2 A. GANAPATHY: That is a fair statement, but I  
3 would like to add the context here that I believe  
4 that Burlington Hydro's application here only  
5 considers pole reinforcement as an option for service  
6 poles and secondary poles, which are low risk poles  
7 when it comes to impact.

8 Like I stated earlier, pole replacement programs  
9 for Oshawa Power is focused on the critical complex  
10 poles that house 13 kV and 44 kV infrastructure. I  
11 believe I could pull up Burlington Hydro's  
12 application as well, I believe it is page 104 of  
13 their DSP, that specifically mentions the types of  
14 poles that they are targeting under pole  
15 reinforcement. Maybe we don't have that --

16 J. VELLONE: No. We can't pull it up. It's not  
17 on the evidence. It's on the Burlington evidentiary  
18 record, I guess. If you want us to provide it, I  
19 guess you could undertake. It's up to you.

20 L. GLUCK: I am fine. Thank you.

21 Can we move to the CCC compendium at page 21,  
22 please. I must have the wrong reference. Maybe...

23 It is at page 76 of the compendium, please. So  
24 in the -- in the second -- one second. So in the --  
25 in the question, part B, Oshawa describes it as  
26 developed its reactive replacement program budget  
27 based on a 20 percent reduction relative to the 2021  
28 to 2023 period; is that right?

1 M. WEATHERBEE: That is correct.

2 L. GLUCK: And the reason for a reduced program  
3 budget relative to 2021 to 2023 is due to the  
4 increased focus on proactive replacement programs; is  
5 that right?

6 M. WEATHERBEE: Yes, that is correct.

7 L. GLUCK: And can you confirm for me that the  
8 proposed reactive capital budget for 2026 is \$1.8  
9 million?

10 A. GANAPATHY: That is correct.

11 L. GLUCK: Thank you.

12 And can we go to page 75 of the compendium. And  
13 here the question highlights that Oshawa Power's  
14 actual net spending on reactive replacements in 2024  
15 was 1.6 million and is expected to be around 1.3  
16 million for 2025. Are those figures accurate?

17 A. GANAPATHY: At the time, they were. 1.6 was  
18 the actual. 2025, however, is higher.

19 L. GLUCK: It is higher?

20 A. GANAPATHY: It is trending higher.

21 L. GLUCK: Okay. Do you have that number?

22 A. GANAPATHY: No. But I believe it will be  
23 included in the Appendix 2-AA revision that will be  
24 filed as an undertaking.

25 L. GLUCK: Okay.

26 And we discussed previously that you have seen  
27 very significant improvements in SAIDI and SAIFI in  
28 2024; is that right?

1           A. GANAPATHY: There were improvements in SAIDI  
2 and SAIFI, yes.

3           L. GLUCK: And you -- we also discussed that you  
4 expect those reliability outcomes to continue?

5           A. GANAPATHY: To the extent that is  
6 controllable, yes. But there is an aspect that is  
7 uncontrollable that is also mentioned within those  
8 IRs that talk about high weather volatility.

9           L. GLUCK: Thank you.

10          And you have set the reactive budget for 2026  
11 well above the 2024 levels; is that right?

12          A. GANAPATHY: They are above the 2024 levels,  
13 yes.

14          L. GLUCK: And can you explain why that is  
15 appropriate given your increased spending and  
16 proactive capital?

17          A. GANAPATHY: Just give me one second.

18          I believe it is response to 2-X-62 in the IRRs.  
19 Can we pull that up.

20          So as you can see in this response, we do  
21 mention that 2024 was an anomaly year where our  
22 SAIDI/SAIFI was extremely good, and the risk of  
23 keeping it at 2024 levels would be imprudent as we  
24 would have to take into consideration the other years  
25 where reliability and impacts to the system may not  
26 be as favourable as 2024, which is what was used as a  
27 basis for the '26 to 2030 period.

28          L. GLUCK: Thank you.

1           Can we go to the compendium at page 36, please.  
2   And here you explain that the company's actions  
3   related to system improvement, things like removal of  
4   porcelain insulators, installation of animal  
5   protection devices, and a solid approach to asset  
6   replacement are the reasons for the reliability  
7   improvements seen in the later part of the previous  
8   IR term; is that right?

9           A. GANAPATHY: Yes. But your mic is really  
10   muffled.

11          L. GLUCK: Sorry. I will speak closer. Do you  
12   want me to ask it again, or was that the response?

13          A. GANAPATHY: Could you repeat that?

14          L. GLUCK: Sure.

15          A. GANAPATHY: But I don't even think it is a  
16   vicinity issue, because it seems like your mic is  
17   lower than the rest.

18          L. GLUCK: I will just speak louder. Does that  
19   -- that sound better?

20          A. GANAPATHY: I appreciate that. Thank you.

21          L. GLUCK: So here you explain that the  
22   company's actions related to system improvement,  
23   things like removal of porcelain insulators,  
24   installation of animal protection devices, and a  
25   solid approach to asset replacement are the reasons  
26   for the reliability improvement seen in the latter  
27   part of the previous IR term; is that right?

28          A. GANAPATHY: That is correct.

1           L. GLUCK:  And -- so what should we take from  
2 your various responses?  Are Oshawa Power's proactive  
3 replacement investments working, and we should see a  
4 coincident reduction in reactive capital spending, or  
5 should we just expect an ongoing escalation of both  
6 proactive and reactive capital expenditures into the  
7 future?

8           A. GANAPATHY:  So proactive and reactive  
9 expenditures would not be directly correlated with  
10 one another.  There are assets that are run to  
11 failure that are included in the reactive budget as  
12 well, which will always remain within those budgets.  
13 Proactive replacements will help reduce those numbers  
14 at a reasonable rate, which is what has been included  
15 in the '26 to 2030 period, in conjunction with facts  
16 that we cannot assume favourable years that are  
17 outside of our control that will still have an impact  
18 on reactive.

19           I would also like to point out that our system  
20 renewal is only a 4 percent increase in the entire  
21 2026 to 2030 period compared to the '21 to '25  
22 period.

23           L. GLUCK:  Okay.  Thank you.

24           And I have just one last question.  Can we go to  
25 the summary of Oshawa Power's opening remarks,  
26 please.  It is not in my compendium.  Page 4.  Thank  
27 you.

28           And here Oshawa Power states that:

1           "Although average annual in-service amounts  
2           declined by about \$100,000 per year from 2021  
3           to 2025 to 2026 to 2030, excluding the CIS  
4           project, OM&A spending on technology rises from  
5           1.1 million in 2021 to 1.9 million in 2026."

6           [As read]

7           Do you see that?

8           M. YACKOUB: Yes. Those are my statements.

9           L. GLUCK: Thank you.

10          And I tried to reconcile your statement  
11         regarding 100K per year reduction between the  
12         historical period and the forecast period. My  
13         numbers are showing an increased period over period,  
14         not a decrease.

15          So can you undertake to provide a line-by-line  
16         reconciliation using Appendix 2-AA to support the  
17         statement made regarding the decline in IT capital  
18         expenditures from the historical period to the  
19         forecast period?

20          M. YACKOUB: For summary, I think the difference  
21         likely between your calculations and mine are that  
22         there were some other line items above the general  
23         plant such as the operational technology and the  
24         asset management software that we have moved down in  
25         the '26 to '30 period, and that is likely what is  
26         making the difference.

27          L. GLUCK: Okay. And if you can show in the  
28         undertaking, show it apples to apples --

1 M. YACKOUB: Yes.

2 L. GLUCK: -- before and after, all on the same  
3 sort of lines in the same way.

4 M. YACKOUB: Yes.

5 L. GLUCK: Okay. Thank you.

6 L. MURRAY: That will be Undertaking J2.6.

7 **UNDERTAKING J2.6: TO PROVIDE A LINE-BY-LINE**  
8 **RECONCILIATION USING APPENDIX 2-AA TO SUPPORT**  
9 **THE STATEMENT MADE REGARDING THE DECLINE IN IT**  
10 **CAPITAL EXPENDITURES FROM THE HISTORICAL PERIOD**  
11 **TO THE FORECAST PERIOD**

12 L. GLUCK: And those are my questions. Thank  
13 you very much.

14 COMMISSIONER MORAN: Thank you, Mr. Gluck.

15 Mr. Garner.

16 **CROSS-EXAMINATION BY M. GARNER**

17 M. GARNER: Thank you, Mr. Chair. I think I  
18 have 40 minutes, which would take us to lunch, but I  
19 would just warn that, I think, between the two  
20 aspects of the panel, I may be a little over on one  
21 and a little under on the other so -- with some  
22 leeway.

23 So first, panel, my name is Mark Garner. I'm  
24 with VECC. I would like to -- a lot of the stuff we  
25 did yesterday covered a lot of my questions, but it  
26 did raise a couple. And the one I would like to  
27 start with from yesterday, and trying to make my way  
28 through it, is this issue of business transformation.

1           And, Ms. Bennett, I would point out -- and maybe  
2 -- I think this seems to be on purpose -- in the  
3 evidence, there are two business transformations  
4 talked about, and what I would say -- the way I saw  
5 it was Mr. Yackoub's business transformation is  
6 always with caps, and your business transformation is  
7 always without caps.

8           So the IT program, which is the one, I take it,  
9 you were responsible for, is, in your evidence, a  
10 capped program, since you used the big "B" and big  
11 "T."

12           And then there is a lot of discussion in the  
13 evidence about business transformation with a small  
14 "B" and a small "T," which apparently is not Mr.  
15 Yackoub's transformation. It is the transformation  
16 Mr. Shepherd was speaking to you about the business,  
17 the utility.

18           Is that a fair characterization of the evidence?

19           V. BENNETT: Just to clarify my opening  
20 statements, I listed a number of things that we did  
21 in 2024, but I qualified that as modernization as  
22 well as meeting customer needs and regulatory  
23 requirements.

24           And so that characterization of that as "all  
25 transformation" is incorrect. It does align with the  
26 business plan, and perhaps that is what you are  
27 aligning with, our strategy and business --

28           M. GARNER: I am not aligning with anything. I

1 am asking a very specific question just to help the  
2 panel members and myself read through your evidence.

3 Because as I read your evidence, you do use two  
4 terms interchangeably sometimes. It seems  
5 interchangeable, but, in fact, they are different.  
6 And, as I said, is the program called business  
7 transformation is a -- in caps everywhere in the  
8 evidence, and then there is lots of discussion about  
9 what I would call a soft business transformation. A  
10 sort of other thing that has happened with other  
11 objectives, larger objectives.

12 Is that not the way the evidence is read out?

13 V. BENNETT: The way I would characterize is we  
14 have our strategy and business plan that sets our  
15 direction. And as a sub -- so the strategy, the  
16 business plan is a subset of the strategy, and the IT  
17 business transformation is a subset of the IT works,  
18 and it is specifically cited in the business plan.

19 M. GARNER: Right.

20 And that transformation, Mr. Yackoub, you are  
21 doing. That transformation is all IT. Its objective  
22 is -- in a word, is to get rid of these binders and  
23 make the people use their computers and, you know,  
24 modernize the system.

25 That is your transformation. That is your  
26 objective. Not just these binders, but that -- those  
27 sorts of IT modernization programs.

28 M. YACKOUB: A large part of the business

1 transformation program that we have mentioned in  
2 appendix -- sorry -- in Exhibit 1, it does involve IT  
3 project, yes. There were some references to also  
4 increasing staff efficiency and improving the  
5 reporting around performance.

6 M. GARNER: Well, that is where I am kind of  
7 going to. The other part of the business  
8 transformation, as I read the evidence, has to do  
9 with other objectives of which I am not clear. We  
10 will talk about that. But also other aspects of what  
11 happened at the utility. And one of those is that  
12 the utility is growing in its number of staff and for  
13 a number of reasons.

14 Now, that is part of, as I understood -- I will  
15 call it, Ms. Bennett, your business transformation  
16 just to make a distinction from Mr. Yackoub's -- that  
17 is part of the broader business transformation. The  
18 change in IT -- sorry -- the change in staffing or  
19 the difference in staffing, is it not? That is part  
20 of that part of transformation?

21 V. BENNETT: I would like to characterize it as  
22 our strategy and business plan. But --

23 M. GARNER: You can categorize that way. I just  
24 read that in your evidence, that you do use the term  
25 "business transformation," but that categorization is  
26 fine.

27 J. VELLONE: If you -- if you want to put a  
28 specific reference in the evidence to the witness and

1 ask her about it, that might be helpful because we  
2 seem to be speaking at cross purposes here.

3 M. GARNER: Oh, I could. It will take me a few  
4 minutes. But I don't think it is important. I think  
5 it's -- I was just trying to help people through the  
6 evidence because I did see it through the evidence,  
7 the small "B" transformation spoken about, but  
8 nothing lies in that.

9 But that transformation or whatever you called  
10 it -- sorry. What do you want to call it?

11 V. BENNETT: Strategy and business plan.

12 M. GARNER: Okay. Strategy and business plan.  
13 So be it. That part of it is -- was set by your CEO,  
14 I take it, who does a global to the utility. Mr.  
15 Yackoub is in an area of the utility. That was set  
16 by your CEO, was that not?

17 V. BENNETT: That is right. Mr. Arbor led the  
18 development of --

19 M. GARNER: Right.

20 And sorry. And I got confused. It may be just  
21 me. Where exactly do I find in the evidence the  
22 objectives of that thing, like, lays out, like, this  
23 is what we are going to do, these are the things --  
24 and we are going to change -- and not just the soft  
25 objectives, but the -- this is going to impact staff.  
26 This is going to impact, you know, like, the things  
27 it is going to impact, this strategy.

28 Where do I look for that?

1 V. BENNETT: So I just want to make sure I  
2 understand the question.

3 M. GARNER: Sure.

4 V. BENNETT: So the business plan provides  
5 strategic objectives.

6 M. GARNER: And that's -- you are saying the  
7 business plan is the only document I look at for that  
8 new -- I am sorry. I keep forgetting the term you  
9 are using because I use the one you're -- you're  
10 using the -- sorry. Go ahead.

11 V. BENNETT: It's a new strategy and business  
12 plan.

13 M. GARNER: New strategy. Well -- okay. But  
14 you do use the idea of business transformation in the  
15 evidence; right?

16 Maybe I should bring up, as my friend is asking  
17 for -- in your evidence, the terminology is used, as  
18 I understood it, fairly comprehensively through your  
19 application about a business transformation, and you  
20 seem to be saying it is not. Maybe I am -- I am  
21 misspeaking.

22 But I think if you go to your overall appendix,  
23 your first -- your first appendix, the business  
24 transformation, that is laid out, for instance, in  
25 Exhibit 1, page 111. There is the actual program  
26 called the business transformation.

27 And I take it, Mr. Yackoub, that is your  
28 business transformation? That seems to be a program.

1 And it is called "IT business transformation  
2 strategy" in many places, I notice.

3 M. YACKOUB: So if you are referring to page 111  
4 on the screen, which says, "Business transformation  
5 2026 to 2030"?

6 M. GARNER: Right.

7 M. YACKOUB: Yes. And it refers to the actual  
8 IT business transformation strategy.

9 M. GARNER: Okay. So now let's go to page 108.  
10 And let's go to the bullet point that says "2024" on  
11 that. It says:

12 "The development of the distribution plan grid  
13 transformation investments, business  
14 transformation investments, and funding for  
15 non-wires." [As read]

16 Now, I saw this word, the small B transformation  
17 -- throughout the evidence, and it seemed to be  
18 referring to a broader issue, not the one we were  
19 just looking at. It seemed to be talking about  
20 something a bit broader. And I thought that is what  
21 you and Mr. Shepherd were talking about, this,  
22 yesterday.

23 And just to make it clear, Ms. Bennett, I  
24 thought that was talking about sort of the things  
25 like the -- you know, the change in staffing, you  
26 know, the different type of people who are coming on  
27 board to change the company.

28 M. YACKOUB: I believe this was also referring

1 to the previous business transformation that we were  
2 referring to.

3 M. GARNER: Sorry. You are going to have to  
4 help me with that. That sentence doesn't help me,  
5 the previous transformation you were referring to.

6 M. YACKOUB: The one on page 111 that we spoke  
7 of.

8 M. GARNER: Oh, I see. So this is the same,  
9 this is the IT business transformation they are  
10 talking about here?

11 M. YACKOUB: Yeah, I believe it is speaking  
12 about capital investments related --

13 M. GARNER: It is speaking at IT business only  
14 in transformation?

15 M. YACKOUB: I am sorry?

16 M. GARNER: It is only speaking to IT  
17 transformation? You are not doing anything other  
18 than IT transformation; right? You are not in charge  
19 of anything other than IT transformation, or is it  
20 more than that?

21 M. YACKOUB: So I believe this is referring to  
22 capital investments related to the IT and business  
23 transformation strategy that we spoke about on page  
24 111.

25 M. GARNER: Well, okay. So then if we go to  
26 page 159 of the PDF I am on in your evidence. I  
27 can't find the -- it is a -- it is a -- it is your  
28 strategic plan document.

1           That has a business transformation reference in  
2 it too, "Planning and modernization to keep pace with  
3 the sector"; right? There you go. That is it.

4           And it says:

5           "This business transformation strategy  
6           reimagines utility operations." [As read]

7           Are you reimagining all the utility operations,  
8 Mr. Yackoub, or I thought you had a more specific  
9 goal? Because you are not the CEO. I didn't think  
10 that is what you were doing. But maybe I am wrong.

11          M. YACKOUB: Just give me one minute to get  
12 there if you don't mind.

13          M. GARNER: Sure. It is on the screen, I think.

14          V. BENNETT: So, Mr. Garner, this is using the  
15 term more generally to beyond the IT investments.

16          M. GARNER: Right. And this is the one I am  
17 interested in because, again, I am -- what I was  
18 looking for is -- it is easy -- you know, it talks  
19 about -- it can be a very soft word, whatever word  
20 you and I are discussing, we should use about the  
21 non-IT version of it.

22          But what I was kind of looking for is the  
23 document that says -- whatever we are calling this, I  
24 will call it "business transformation strategy" --  
25 that turns that into what are the real impacts of  
26 that.

27          So, for instance, is a new building part of the  
28 business transformation? Is the changing of a --

1 reimagining your staffing, your HR, is that part of a  
2 business transformation?

3 V. BENNETT: Both of those items are included in  
4 our business plan which our based on the strategy.  
5 So let's just go to --

6 M. GARNER: Please.

7 V. BENNETT: -- the business plan. So that is  
8 just below in this document.

9 M. GARNER: I see it.

10 V. BENNETT: Yeah. So if we just go --  
11 continue, I want to go to page 13 -- oh, sorry, page  
12 13 of the strategy. Sorry. Please go back up.  
13 Yeah.

14 So these are Oshawa Power's strategic objectives  
15 which include a number of different items and align  
16 with the RFE as well. If we go to business plan --  
17 so please scroll down to attachment 1-3.

18 For each of those eight strategic objectives  
19 identified, we go through -- and if we scroll to --  
20 the first one is on page 8. What we have here is  
21 goals and success measures.

22 M. GARNER: Right.

23 V. BENNETT: According to each of those  
24 objectives.

25 M. GARNER: Mm-hmm. Maybe I could help you with  
26 what I am looking for, which maybe is not there. I  
27 did see that. I was looking for something, and I am  
28 trying to figure out if it exists. To turn that into

1 a document where the CEO lays out what I call the  
2 "practical end" of that.

3 Like, you know, we will have to get a new  
4 building. We are going to have to hire different  
5 types of people. We are going to change our -- you  
6 know, certain things inside of this utility. As  
7 opposed to, here is a success measure and goal.

8 Nothing I see here says, we are going to change  
9 our staffing from 85 to 97, right. We are going to  
10 grow. I don't see a document that kind of says these  
11 are going to be the consequences of this  
12 transformation. If it is there, I would just like to  
13 know, and can I see it, right. That is what I am  
14 asking.

15 I mean, as an aside, unfortunately your CEO  
16 isn't here. It may have been easier for him to have  
17 just answered that but...

18 V. BENNETT: So I am happy to help with this --

19 M. GARNER: Thank you.

20 V. BENNETT: -- Mr. Garner. If we go to page 10  
21 of this document.

22 M. GARNER: Mm-hmm.

23 V. BENNETT: And I will note the business plan  
24 is high level. It doesn't include that level of  
25 granularity. But I did want to identify that the  
26 building is included in our business plan.

27 M. GARNER: Mm-hmm.

28 V. BENNETT: So if we scroll down, under

1 "Strategically Managing Assets," we have identified  
2 prudent implementation of -- oh, sorry. The next  
3 one. It is the third goal, design and construction  
4 of our new facility. And we have some success  
5 measures, but these are high level because it is a  
6 business plan.

7 The same thing with the staffing. So if we go  
8 to the next objective, which is "transforming company  
9 culture."

10 M. GARNER: Mm-hmm.

11 V. BENNETT: This is where we have specific  
12 goals and success measures. And part of this was  
13 strengthening workforce capacity, the work to do  
14 that, the operational plans, the study that was  
15 conducted by Ms. Galli fall under this. So that was  
16 more granular than the information provided in the  
17 business plan, but it is present in the business  
18 plan.

19 M. GARNER: Right. Okay. Thank you. And I  
20 think I don't need to pursue it more. I was just --  
21 it does say, "Aligning staffing levels to drive  
22 efficiency." Of course, one could read that as  
23 lowering the number of staff to drive efficiency,  
24 right. It just doesn't give me an objective, that is  
25 fine. I think we can move on.

26 Where I would like to go next is -- and this is  
27 all under tab 3 in my compendium. And tab 3, I  
28 believe, starts in its content at page 16. And it is

1 probably to you, Ms. Bennett. I don't know, but  
2 whoever.

3 This is an extraction from some of your customer  
4 outreach. And I was interested in this. And really,  
5 I am talking about the building. I don't want to  
6 really get too much into the building, but what I  
7 wanted to understand was how the building is  
8 communicated, how that part of this application is  
9 communicated.

10 And one of the reasons, and maybe I should start  
11 it this way, I was a little confused, and maybe  
12 someone can help me. My elderly age, I can't  
13 remember.

14 Is the building part of the DSP or not part of  
15 the DSP? And not the application, don't get me  
16 wrong. Is it part your distribution system plan or  
17 not part of your distribution system plan?

18 M. WEATHERBEE: It is not part of the  
19 distribution system plan.

20 M. GARNER: Okay. So if it weren't part of the  
21 distribution system plan, Mr. Weatherbee, then, in  
22 essence, you did the plan in the absence of thinking  
23 about a building being built and the budgetary  
24 constraint on that.

25 M. WEATHERBEE: No. If you go back to  
26 attachment 2-11 of the Exhibit 2 IRRs where we speak  
27 about the capital envelopes that we discussed to  
28 manage operational and financial risks with respect

1 to the building.

2 M. GARNER: That sounds like it is part of the  
3 business plan, then, because you are actually  
4 changing the business plan because the building's in  
5 it. I am a little confused here. I mean, someone  
6 either told you -- if it wasn't part of a plan, then  
7 you would be like, I have no idea there is a  
8 building. I am just doing what I am doing; right?

9 V. BENNETT: So just to clarify, the building is  
10 part of the business plan.

11 M. GARNER: Okay.

12 V. BENNETT: And I showed you the reference  
13 earlier.

14 M. GARNER: Yeah, thank you. And I thought you  
15 had said that, and I -- that is why I just wanted to  
16 clarify.

17 V. BENNETT: Yeah.

18 M. GARNER: And, Mr. Weatherbee, I kind of  
19 understand in your sense of why it is not in the  
20 business plan. I am not casting aspersion at any --

21 M. WEATHERBEE: I just want to clarify, you said  
22 as part of the distribution system plan.

23 M. GARNER: I see. I see.

24 M. WEATHERBEE: That was --

25 M. GARNER: As part of the business plan, but  
26 not part of the distribution system plan.

27 M. WEATHERBEE: That is correct. That was your  
28 --

1 M. GARNER: Okay. Well, then let's go --

2 M. WEATHERBEE: -- question originally.

3 M. GARNER: Let's go back to that. So then you  
4 say that you didn't -- that didn't impact anything in  
5 your plan. So your plan is not adjusted, your  
6 distribution plan is not adjusted for the pressures  
7 of the building or anything in your plan. You were  
8 totally blind to the idea of the building.

9 M. WEATHERBEE: I will take you back again to  
10 Exhibit 2-11 of the Exhibit 2 IRRs, where we did take  
11 the building into account as a financial risk, and we  
12 balanced that financial risk with our operational  
13 risk to come up with a capital envelope.

14 M. GARNER: Fair enough. We may not agree on  
15 what is in the plan, so let's just leave it at that.  
16 We can argue about that later. I don't want to have  
17 the argument, I just wanted to understand your view  
18 of it. I understand your view. Thank you.

19 So the first thing I see in these two -- Ms.  
20 Bennett, these two first slides that were from your  
21 outreach to your customers is, one, it doesn't  
22 surprise me at all. The customers really care about  
23 prices. That is the first slide. Above everything  
24 else, they care about prices the most. And that is  
25 not surprising.

26 I have seen that pretty much in every one of  
27 these things I have ever seen. And then it goes down  
28 from there and that. Some of them surprise me a bit,

1 some of them don't. But, you know, that is the big  
2 one.

3 And then on the next slide, which is from  
4 Exhibit 1 61 of 120, customers and priority have  
5 increasing -- first one is increasing the electricity  
6 grid to ensure it is safe and sound and whatever.

7 But in these two, at least, there isn't any real  
8 discussion about the impact of a building or  
9 anything. But that is not to say that that is not in  
10 your evidence, and I found that later where you had a  
11 facility section, and you will find that later in the  
12 slides that follow, the ones on page 18 and 113.

13 And you asked some questions here to your  
14 customers about -- and one of them is "Do you agree  
15 that Oshawa Power has unique needs for space to  
16 accommodate its operations?" Most people  
17 unsurprisingly said yes. It is a utility, I guess,  
18 thing.

19 And then you asked them, "Should you have an  
20 energy efficient building?" And most of them said  
21 yes. I guess because the counter would be it is not  
22 good to have an inefficient building, right. I mean,  
23 I would say yes too. It seems odd to say anything  
24 else.

25 But I am wondering, is -- was there any other  
26 questions? Have I missed something that was done in  
27 the outreach that really goes to -- a lot to the  
28 building that you would like to show me that I should

1 look at, you know, when you did the customer  
2 engagement that informed people about the building?

3 V. BENNETT: So as you can see here, it was  
4 included in these questions. There wasn't any  
5 additional customer engagement surveys completed for  
6 the cost of service application related to this  
7 because we are not filing for costs for the facility,  
8 and the costs are still uncertain.

9 We provided an initial estimate of the bill  
10 impact to be transparent with our customers given the  
11 timing, but we are planning customer engagement  
12 before the incremental capital module so that we can  
13 provide our customers with a more accurate final bill  
14 impact, timing, as well as details. And so that is  
15 yet to come but is planned.

16 M. GARNER: Well, that is interesting because  
17 that was certainly a concern on ours. Well, let me  
18 think about that. I may have a question, but let me  
19 think about that. Thank you. That is very  
20 interesting.

21 And you see at the bottom, though, the part I  
22 have highlighted, "Did you have any additional  
23 feedback regarding the move to a new facility?"  
24 "Comments received, 470." And I thought, wow, that  
25 is a lot of comments, even though everybody said yes  
26 to the thing.

27 What happened -- what happened to those  
28 comments? Was there some sort of summary as to --

1 you know, did everybody say, great idea, we love the  
2 building? Or did they all -- like, that is a lot of  
3 comments, so I was wondering, what happened to those  
4 comments?

5 V. BENNETT: So similar to where the comments  
6 were requested throughout the customer survey, so we  
7 had a comment section for each part of the  
8 distribution system plan. We recorded those, but for  
9 brevity, did not include them in the application.

10 M. GARNER: Do you recall the nature of the --  
11 the predominant nature of these comments? Or was  
12 there a predominant nature in the comments? Maybe  
13 that is a better question first.

14 V. BENNETT: Yeah, I remember -- and 470 is a  
15 lot to generalize, and it was more than over a year  
16 ago that I reviewed it.

17 M. GARNER: Did someone generalize it for you,  
18 like, for -- was there any sort of summary done of  
19 the commentary for you?

20 V. BENNETT: No. I read the comments.

21 M. GARNER: Well, I feel for you for that. So -  
22 - but there was no actual summary for it, you are  
23 saying?

24 V. BENNETT: That is correct.

25 M. GARNER: Okay. That's fine. That's fine.  
26 We can leave it at that. Thank you.

27 The next place I would like to go -- I think,  
28 Ms. Tang, this might be for you. It is on the CWIP,

1 and I think it is at my tab 6. Now, Mr. Gluck went  
2 through a lot of this, and so I don't have a lot left  
3 over.

4 I -- these -- I actually -- these are my charts  
5 taken from your stuff, and it really was only done  
6 here because I was looking at the CWIP line, and I  
7 think Mr. Gluck covered a lot of what I was thinking  
8 about.

9 But I wanted to go back to the increase in the  
10 CWIP in '24, the 22,480, and then it goes into '25,  
11 and that was -- as I understood, that jump in CWIP  
12 from previous years is predominantly the land for the  
13 building; right? Is that correct?

14 A. TANG: Yes, that is correct.

15 M. GARNER: And just as a math question on that,  
16 is -- when you -- when you do the CWIP for the land  
17 for the building, did it include -- and I have a  
18 reference, but there was more than the land of 11.4  
19 million in one of these things.

20 When we were just talking about the land, there  
21 was some other amounts, consultancy things, and  
22 whatever, and it added up to about 12.1 million. I  
23 can find it, if you would like, but do you recall  
24 that?

25 There was some ancillary things to the land. It  
26 actually is at page 13 of my compendium. There is  
27 the land, and then there is some consultancy stuff in  
28 that.

1           When you do the CWIP, do all of those amounts  
2 find their way into the CWIP or just the land? Just  
3 as a clarification.

4           A. TANG: Yes. We included the other cost as  
5 well.

6           M. GARNER: All right. So it has got more than  
7 that.

8           Now, can you remind me for CWIP how you are  
9 compensated or if you are compensated for amounts  
10 held in CWIP? I mean, it is sort of a regulatory  
11 question, right.

12           Like, how does CWIP work, and how do you get  
13 compensated in your rates for amounts held in CWIP?

14           You know, I didn't mean this to be a hard  
15 question. Maybe an easier way to answer the question  
16 for you would be are you compensated in some fashion  
17 in your rates for CWIP? I don't need to know the  
18 amounts or anything, just the principle of it.

19           V. BENNETT: So CWIP isn't included in rate base  
20 because it -- so it is not included there.

21           M. GARNER: But do you get any funds -- funds  
22 for amounts held in CWIP? For instance, the interest  
23 coverage for holding CWIP?

24           V. BENNETT: Are you referring to the working  
25 capital allowance? Yeah.

26           M. GARNER: How you would get money for -- so  
27 just -- would you agree with me there is a  
28 relationship between your CWIP and some recovery of

1 dollars?

2 V. BENNETT: Yes.

3 M. GARNER: Okay. That's -- sorry to put you  
4 through that. That wasn't really meant to -- I just  
5 wanted to get to my next real point.

6 I was going to ask to bring up a document I gave  
7 to my friends here and to Board staff. That is the  
8 notice of hearing on this case.

9 And just before I start this, just for my friend  
10 not to worry, and of course to the Chair, the  
11 Commissioner Chair, is I am not -- I am not going to  
12 -- whether the notice is sufficient or not or  
13 anything like that.

14 But I was curious in reading the notice because  
15 in the notice, it doesn't mention anything about the  
16 building, you know, as you were saying. But it does  
17 talk about the cloud computing deferral account,  
18 which seemed to me, in a sense, minor considering the  
19 amount held in CWIP on a building that is going to be  
20 built, and it doesn't mention anything about "also,  
21 we want to carry a building."

22 Can you just -- how did that part get in? Is  
23 that the Board putting that in for you, or did you  
24 suggest to the Board this is what should be  
25 highlighted as part of your application? Just as a  
26 matter of how it works, please.

27 V. BENNETT: So these are the bill impacts that  
28 are a result of what is included in the application

1 including amounts related to working capital.

2 M. GARNER: I am just talking about the cloud  
3 computing application. The notice doesn't say much  
4 about the application, but it seems to make a point  
5 about the cloud computing deferral account but not  
6 anything else that is of major substantive things  
7 including, as I was saying, amount of the building in  
8 CWIP and whatever.

9 But this -- I am not saying it is minor, but  
10 this item ends up being in the notice. Is this --  
11 was this your idea of the most important thing in the  
12 notice, or is it just staff saying this should be in  
13 your notice?

14 V. BENNETT: OEB staff are -- the OEB is  
15 responsible for what goes into the notice.

16 M. GARNER: So they gave you the idea of this  
17 being in the notice?

18 V. BENNETT: They prepared the notice.

19 M. GARNER: Okay. Thank you. That is what I  
20 was asking.

21 Now, let me go to my next thing. Oh, I think  
22 this is -- Mr. Weatherbee, this is, I think, maybe  
23 questions for you.

24 And, again, my friend at CCC has done a very  
25 good job of, I think, going to the same general  
26 points, but I would like to kind of go at them a  
27 little bit of a different way.

28 If you go to tab 7, I believe it is, and it is

1 the first thing there. There is a diagram. And I  
2 really like your diagrams. I mean, I am scared of  
3 arithmetic, so diagrams work really well for me.

4 But this diagram, I thought, was very  
5 interesting to show -- highlight to the Commissioners  
6 because I would like you to concentrate on three  
7 things and throw one thing out, System Access, right,  
8 just because, as you said, System Access is reactive.  
9 And it gives me a -- kind of a glance of what is  
10 going on here.

11 And what I was curious about was the relative  
12 decline in '24. I mean, we went through -- we just  
13 heard a lot of you speaking about, you know, how  
14 important it is to spend all this money. But then I  
15 took a look at '24, and I go, wow, you know, if it  
16 was so important, what happened in 2024, and, you  
17 know, that sort of thing? Just the year before it  
18 jumps up.

19 I mean, what is going on in this plan that kind  
20 of explains that, the kind of thing that is such a  
21 big thing coming forward, but, you know, last year we  
22 just -- we had spent a lot less, or in '24, we spent  
23 a lot less?

24 M. WEATHERBEE: Yeah. In 2024, you will see  
25 there is a dip there, and that was to -- deferrals  
26 for the land purchase. So you can see, as you  
27 mentioned earlier, the -- how much there was in CWIP.  
28 So that is why.

1 M. GARNER: So you adjusted your plan because  
2 you needed -- they needed to fit the building's --  
3 building's cost, the land cost, into your -- into the  
4 budget of the utility?

5 A. GANAPATHY: Was there an aspect of that  
6 question that was specific to System Access?

7 M. GARNER: No. I am not talking about System  
8 Access at all. I am actually telling you is when you  
9 look at this graph, pretend System Access isn't  
10 there. Because, as I take it from your evidence,  
11 System Access is a very reactive thing.

12 You don't plan it in the sense. It -- the  
13 company plan it. You try and estimate it, but it  
14 comes at you, and then you deal with it. That is  
15 your, you know, thing. But the other parts of it,  
16 renewal and service and general plant, they are  
17 things more in your control. They are the ones.

18 So I was just wondering why '24 was lower. That  
19 was the question.

20 A. GANAPATHY: Right. So part of the  
21 expenditure deferral was what Mr. Weatherbee  
22 mentioned, was the reallocation of funds to the land.  
23 There were also prepayments that needed to be made  
24 for the municipal switchgear project that amount to  
25 2.2 million that had to be done in 2024, and these  
26 numbers are in-service as well, which is not  
27 reflected on this graph.

28 M. GARNER: I see. The difference between being

1 in-service and when you -- when you actually --

2 A. GANAPATHY: Making the payments, correct.

3 M. GARNER: I see. Thank you.

4 So -- and then I would like to go to the other  
5 next two graphs, and this is going to, again, what my  
6 friend at CCC went through, but graphically looking  
7 at the same thing.

8 These are your health indexes, and I wonder if  
9 either of you gentlemen could help me with this and  
10 just make sure I am clear and maybe the Commissioners  
11 are clear.

12 The difference between the distribution system  
13 plan that you filed this time and the one that was  
14 filed in the last cost of service, I will tell you  
15 what I heard, and you tell me how it is correct or  
16 incorrect.

17 What I heard was the asset condition part of it  
18 is the same. We are still doing asset conditions  
19 like we did before. We are still doing going through  
20 that exercise. That exercise hasn't fundamentally  
21 changed. But what has changed is a risk  
22 prioritization, which takes that information now and  
23 translates that into a program that we want to put  
24 forward; is that correct?

25 A. GANAPATHY: No. I would like to elaborate on  
26 that.

27 M. GARNER: Please.

28 A. GANAPATHY: So the condition-based assessment

1 existed in the 2018 ACA, but more parameters for  
2 condition aspects to be considered for the condition  
3 assessment were included.

4 I believe for wood poles, the -- I would have to  
5 look up the exact number, but there were several more  
6 criteria that were included for the condition  
7 assessment, which would inform a more comprehensive  
8 condition assessment.

9 M. GARNER: Okay. So the condition assessment  
10 was improved by better data and more parameters or  
11 variables being measured for it?

12 A. GANAPATHY: That is correct.

13 M. GARNER: Right.

14 A. GANAPATHY: And then within the ACA itself at  
15 the asset level, there was a risk factor associated  
16 with each asset failing, which was also not part of  
17 the previous --

18 M. GARNER: Right. But that is the part I want  
19 to distinguish. That part isn't about understanding  
20 conditions of your asset. That part is about  
21 understanding how you should translate that condition  
22 into a program that needs to be executed because you  
23 are taking risk now in saying, what is the risk of  
24 this and risk of that?

25 A. GANAPATHY: No. So the risk aspect that I am  
26 talking about right now is based on the impact of  
27 specific assets failing, so the probability of  
28 failure that comes from the condition, and then

1 associated with the risk factor -- risk factor of  
2 that specific asset failing. So it is at the asset  
3 level.

4 And then there is a further risk prioritization  
5 that comes in at the program and project level that  
6 is governed by the Strategic Asset Management Plan  
7 included in appendix H.

8 M. GARNER: I think I understand the  
9 distinction, although all I am driving at is the  
10 application of an algorithm to the data is what is  
11 happening in one. The data is changing. The data is  
12 improving is what I am hearing you saying.

13 But then two things are happening. We are  
14 taking the data and applying algorithms to specific  
15 assets; right? Because you are not adding data. You  
16 are just -- you are understanding the data through  
17 your algorithm.

18 And then you take that and use another algorithm  
19 to create your program, understanding that it takes  
20 the idea of risk into play. Because you are only  
21 doing one thing with improving your data; right?  
22 Your data is just one thing you are doing.

23 A. GANAPATHY: Correct. So the data improvement  
24 is one aspect of the ACA, which feeds into condition  
25 specifically. Then there is the impact aspect that  
26 got added on, compared to the previous ACA, which is  
27 also within the asset condition assessment.

28 And then on top of that, the overarching

1 documents such as the asset management policy, the  
2 Strategic Asset Management Plan that now guides the  
3 risk prioritization process, was also introduced.

4 M. GARNER: And can you, in any sense, quantify  
5 for us the -- I am not sure the nature of the impact  
6 of the largeness, so to speak, of just the asset  
7 condition variable in data. You know, the more data  
8 you collected, the more variables on data.

9 So let's say poles, you decided to do more  
10 testing, more hammer testing and putting in the more  
11 poles, that kind of thing. Was that a significant  
12 part of the change in the -- two changes of the two  
13 DSPs?

14 A. GANAPATHY: It was part of the change, yeah.

15 M. GARNER: Yeah, I am just trying to get an  
16 understanding, though, of its magnitude of -- you  
17 know, there are these other changes, but I am just  
18 trying to now focus -- asking you to focus on, you  
19 know, the one where we, let's say, did more specific  
20 pole testing and added that larger database into our  
21 asset condition as opposed to the other things.

22 Was that a significantly big change in certain  
23 assets from the last plan?

24 A. GANAPATHY: It was a change. I think we  
25 would have to run the ACA as how it would have been  
26 with the new data at the time that the 2018 was run,  
27 and then redo it in order to actually be able to  
28 quantify that --

1 M. GARNER: But we are not going to do that.

2 But thank you, that is fine. I understand.

3 Now, while we are on the page of -- 39 of the  
4 asset health index, I was -- just on the 13.8 kV  
5 egress and the 44 station egress, and, you know, this  
6 is why I like graphs are -- obviously, those are the  
7 yellows and reds. That is in your business plan or  
8 your DSP now to address that?

9 A. GANAPATHY: The specific 13 kV egress cable  
10 that you referring to?

11 M. GARNER: Yeah. I am looking at those two  
12 lines. Is that in you DSP to address that in the  
13 current plan?

14 A. GANAPATHY: Not all of the recommendations  
15 would be. So the egress cables, we can look at --  
16 just give me one second while I pull up the reference  
17 within the ACA.

18 M. GARNER: While you are looking, I mean, what  
19 I am really saying is so when you come back next  
20 year, is that more green and less yellow?

21 A. GANAPATHY: Not next year, but when the  
22 switchgear is replaced along with the egress cable  
23 replacement, yes, the yellow would --

24 M. GARNER: But not -

25 A. GANAPATHY: Not the yellow. The red would  
26 get reduced.

27 M. GARNER: But not next year? It is not in the  
28 '26 to address that; it is in the subsequent parts of

1 the DSP?

2 A. GANAPATHY: A part of it would be in 2026.

3 The one that is associated directly with MS5.

4 M. GARNER: Thank you. Where I wanted to go  
5 next was tab 8. And in tab 8 --

6 COMMISSIONER MORAN: Mr. Garner, sorry, just  
7 wondering if we could get a time check.

8 M. GARNER: I would say I have 10 minutes, I  
9 think. I think I may be on the -- very quick, maybe  
10 the last -- I think I have two questions left, this  
11 one and one more. So I might be able to do it in 10  
12 minutes if you give me the leeway.

13 COMMISSIONER MORAN: Okay.

14 M. GARNER: Thank you.

15 So Mr. Gluck went through the SAIFI and  
16 whatever, that sort of thing. I have taken the same  
17 idea, but a different way.

18 First of all, just to give you my take on this.  
19 As you pointed out, SAIFI and SAIDI include a lot of  
20 things, a lot of things beyond your control.

21 Mr. Weatherbee, you may be good. You don't  
22 control the weather, right, so those are beyond your  
23 control.

24 So I look at defective equipment, which I take  
25 it as being more within your control. It is not a  
26 hundred percent, but it is definitely -- you're  
27 replacing equipment; right? That is what you do.

28 So I looked at those numbers, and I said from

1 2019 to 2040 -- and I am looking at the top of 2.5 --  
2 I said, defective equipment, that looks pretty good.  
3 I mean, I would say congratulations, that looks  
4 pretty good, right. You have done a pretty good job,  
5 you have been holding it pretty steady, if not  
6 improving it, throughout your last plan; right?

7 M. WEATHERBEE: Can you confirm what years you  
8 were speaking of? I thought I --

9 M. GARNER: Well, I am looking --

10 M. WEATHERBEE: -- heard you say 2040.

11 M. GARNER: No. I am sorry if I did. I  
12 apologize. 2019 through 2024. And I am looking at  
13 2.5. And I am looking at your defective equipment,  
14 it is on page 41. It is highlighted.

15 So you have done pretty well is what I am  
16 saying. You have done a good job of addressing  
17 defective equipment in that. It seems to me. You  
18 could argue with me, you haven't but...

19 A. GANAPATHY: That is right. Thank you.

20 M. GARNER: And below, the same thing with  
21 customer hours interruption. You seem to actually be  
22 doing quite a good job. If you just take, for  
23 instance -- I mean, there are outlier years, but you  
24 are also improving in that interruption also during  
25 the last plan you had.

26 A. GANAPATHY: There are improvements, yes.

27 M. GARNER: Thank you. And these are things you  
28 really can address. I want to talk about what you

1 can address and how it is addressed in the tables  
2 below.

3 And in the tables below, these are interruptions  
4 by asset types. I wanted to go to 2024, which is the  
5 table at the very bottom there. And I am not sure it  
6 is quite in order, but basically, you will see the  
7 top three rows, transformers, cutouts and switches,  
8 and cable faults. These are the biggest items that  
9 are in your plan for interruption assets by asset  
10 type.

11 In this plan, transformers, cutouts, and cable  
12 faults, for '26, how are they addressed? Are they  
13 addressed in the plan?

14 A. GANAPATHY: So the cutouts and switches have  
15 a -- are you speaking specifically on 2026 or --

16 M. GARNER: Well, yeah. I am looking at the '26  
17 plan, and I am asking -- based on '24, these were the  
18 three big areas, and I am asking, are they addressed  
19 in your '26 DSP?

20 A. GANAPATHY: Yes. Cable replacement program  
21 would have some targeted areas. Transformers would  
22 be part of the cable replacement program, so they  
23 would be addressed in that sense in conjunction with  
24 other system initiatives.

25 M. GARNER: I wonder if you could do this for  
26 me, probably by way of undertaking, although it may  
27 be even in the evidence. But making it quick, if you  
28 went to Appendix 2-AA, capital projects -- sorry,

1 capital projects, what I would like to understand is  
2 could you show us transformers, cutout, switches,  
3 cable faults, and I believe the last one is lightning  
4 arresters.

5 Could you do a mapping for us that shows us in  
6 that Appendix 2-AA where those projects are actually  
7 sitting so I could understand how they are budgeted  
8 for '26 so I could see how it was from the past? Do  
9 you understand what I am saying?

10 M. WEATHERBEE: Yes. You could look to Appendix  
11 2-AA, if we could bring that up on the screen.

12 M. GARNER: Thank you. So, yeah, I am trying to  
13 find them in -- where they would exist there. But  
14 individually, if they are in different places, so if  
15 they could be lumped in two are here, two are here,  
16 right, whatever.

17 A. GANAPATHY: Could you clarify the ask?

18 M. GARNER: Yes. What I am trying to do is I am  
19 trying to take those, whatever it is, four items,  
20 transformers, cutouts, cable faults, lightning  
21 arresters, and I am trying to find them in the  
22 appendix 2-AA. Sorry, I have lost my document. 2 --  
23 is it 2-AB? No, 2-AA.

24 And I am trying to find out where -- what rows  
25 am I looking at to see those same items to understand  
26 how they were addressed in the past and where they  
27 are being addressed in the future. Do you understand  
28 what I am saying? So I am trying to find their

1 continuity in that schedule.

2 A. GANAPATHY: Yeah, understood. So you are not  
3 concerned about the timeline. Just within the '21  
4 all the way to 2030? '21 period all the way to --

5 M. GARNER: Yeah -- 2030. So let's say it is  
6 arresters, and you would say, oh, okay, arrestors are  
7 found in line 32, and that is where you would find  
8 arresters. They would be -- and then they would be  
9 with all these other things, but they would be in  
10 that line, right, that is what you would say.

11 A. GANAPATHY: Just give me one second.

12 M. GARNER: And it might be easier by  
13 undertaking because it would be interesting to know -  
14 - is where they fit, and then maybe they are not a  
15 substantive amount of that line. Do you know what I  
16 mean? They might be a small number inside a big  
17 line, and it would be good to know that.

18 A. GANAPATHY: So within each material  
19 justification sheet, we do provide the types of  
20 assets that are being replaced as part of each part  
21 of the program in the 2026 to 2030 period.

22 M. GARNER: Will it match up, then, to the table  
23 -- because I can do that. If you are telling me that  
24 it will match up, I can find the municipal substation  
25 switchgear. It will be in that line. It will tell  
26 me that is where it exists in 2-AA -- 2-AB, I'm  
27 sorry. It is 2-AB or 2-AA?

28 M. WEATHERBEE: So I think for context -- sorry.

1 M. GARNER: And while I am at it, just before  
2 you answer, because it might make it faster, which I  
3 am sure the Commissioners will appreciate it. I was  
4 going to ask another question which goes to the same  
5 thing which -- not the same thing, but goes to the  
6 same document, which might be best done by an  
7 undertaking.

8 And that was to actually ask you, if it is not  
9 there -- you did a breakout of capital contributions  
10 also on 2-AA, right. But I didn't see that -- that  
11 breakout of capital contributions by each one of the  
12 lines connections, expansions, revenue metering,  
13 third party allocations. I think it is only done by  
14 two in the interrogatory.

15 So I was going to ask also that capital  
16 contributions be shown by each one of those lines.  
17 So I am wondering -- and I am looking at you and also  
18 my -- Mr. Vellone here whether that would just be  
19 easier to do by an undertaking.

20 A. GANAPATHY: Line items for, let's say, third  
21 party relocations as a separate contribution line  
22 item. So that was provided as part of the response  
23 of an IR --

24 M. GARNER: I saw the IR --

25 A. GANAPATHY: -- 2-X-35.

26 M. GARNER: Maybe I didn't have the right IR. I  
27 did find an IR that has that but didn't have them by  
28 each one of those. But maybe you could bring up that

1 interrogatory. Maybe it is different than the one I  
2 found.

3 I had one at 51. It was called 2-STAFF-51 -- 2-  
4 STAFF, with lots of people, and then 51. There was  
5 one breakout there, but I didn't find one for each  
6 line. Was there another IR I missed?

7 A. GANAPATHY: It will be in the revised final  
8 model submitted in chapter 2 appendices. So the  
9 partial settlement one, I believe, is the most recent  
10 version.

11 M. GARNER: That is the one I was looking at. I  
12 don't think it is. But...

13 J. VELLONE: Would it be possible to pull up the  
14 CCC compendium and go to PDF page 24? Is this what  
15 you are looking for?

16 M. GARNER: Yeah, thank you, Mr. Vellone. Is  
17 that what that is -- maybe someone can make it  
18 larger.

19 J. VELLONE: Connections contributions,  
20 expansions contributions, third party driven --

21 M. GARNER: If you look at -- yes, Mr. Vellone,  
22 thank you. I see -- now I see where he found it. I  
23 didn't see that. Thank you.

24 So let's go back to the other one, though, about  
25 the -- connecting the four biggest things in your --  
26 you know, your interruptions on equipment and finding  
27 them again in that Appendix 2-AA.

28 M. WEATHERBEE: And there would be no direct

1 correlation to individual projects for that because  
2 transformers, cables, and arresters span across  
3 multiple projects.

4 M. GARNER: Okay. So it couldn't be done in the  
5 way I am saying because you would have to look at  
6 many of the columns to --

7 M. WEATHERBEE: You would have to look at a lot  
8 because we do replace transformers --

9 M. GARNER: Okay.

10 M. WEATHERBEE: -- cable, and arresters  
11 throughout many projects --

12 M. GARNER: I understand.

13 M. WEATHERBEE: -- within 2-AA.

14 M. GARNER: I understand, Mr. Weatherbee. That  
15 makes sense to me, but I wanted to understand that.

16 I think I have gotten everything I can get.  
17 Thank you very much, panel, for those responses.

18 COMMISSIONER MORAN: Thank you, Mr. Garner. We  
19 will break for lunch, and we will resume at 1:40.

20 --- Recess taken at 12:39 p.m.

21 --- Upon resuming at 1:45 p.m.

22 COMMISSIONER MORAN: Thank you. Please be  
23 seated. All right. Welcome back.

24 Mr. Murray, I think you are up next.

25 **CROSS-EXAMINATION BY L. MURRAY**

26 L. MURRAY: Thank you very much, Commissioner  
27 Moran. Before I launch into OEB staff's questions, I  
28 just have a few housekeeping matters. We are hoping

1 that three documents be marked as exhibits.

2 The first one is a document titled "2019  
3 Customer Survey Regarding New Facility," which  
4 contains an excerpt of the evidence filed in Oshawa's  
5 last cost of service proceeding, and this document we  
6 marked as Exhibit K2.3.

7 **EXHIBIT K2.3: DOCUMENT TITLED "2019 CUSTOMER**  
8 **SURVEY REGARDING NEW FACILITY"**

9 L. MURRAY: The second document is titled  
10 "Powering a More Reliable Future: Oshawa Power's  
11 SmartGrid is Reducing Outages and Improving  
12 Reliability." And this is a web page from Oshawa's  
13 website, and this -- Oshawa PUC's website, and this  
14 document we marked as Exhibit K2.4.

15 **EXHIBIT K2.4: DOCUMENT TITLED "POWERING A MORE**  
16 **RELIABLE FUTURE: OSHAWA POWER'S SMARTGRID IS**  
17 **REDUCING OUTAGES AND IMPROVING RELIABILITY"**

18 L. MURRAY: And the third document is titled  
19 "OEB Staff Calculation, a Percentage of Salary  
20 Allotted For Incentive Payment By Year," which is an  
21 OEB staff calculation based on numbers provided in  
22 Oshawa's response to 4-AMPCO-145, and this will be  
23 marked as Exhibit K2.5.

24 **EXHIBIT K2.5: DOCUMENT TITLED "OEB STAFF**  
25 **CALCULATION, A PERCENTAGE OF SALARY ALLOTTED FOR**  
26 **INCENTIVE PAYMENT BY YEAR"**

27 L. MURRAY: So with those housekeeping matters  
28 out of the way, I would like to start our discussion

1 here today talking a bit about the new building or  
2 the new head office that is being proposed for 2027.

3 And if we could please pull up Exhibit K1.4,  
4 which was a calculation OEB staff provided yesterday  
5 and was marked as an exhibit.

6 Now, this document sets out the total combined  
7 rate impacts of this application plus the new  
8 building. OEB staff provided these figures to Oshawa  
9 in advance of the hearing, and I just wanted to  
10 confirm that you have had a chance to review these  
11 figures and can confirm the math is correct?

12 V. BENNETT: Yes, the math appears correct.

13 L. MURRAY: And you would agree with me that  
14 this table shows that pretty much for all customer  
15 classes, they can expect a rate increase of more than  
16 30 plus percent over the next two-year period?

17 V. BENNETT: So, Mr. Murray, as in my -- in the  
18 discussion with Mr. Gluck, I explained how we  
19 disagree with adding these two columns together.

20 The first one is -- so the percentage increase.  
21 There is the current bill, the percentage increase.  
22 The column with 590, that reflects our current  
23 application, and those came from the partial  
24 settlement proposal that you reference at the top of  
25 the table as well as the increases noted. I think  
26 there is an extra level of specificity on those  
27 numbers.

28 The new building rate rider came from the ICM

1 model that we shared a couple weeks ago. And as a --  
2 and if you add those together, I do agree the math is  
3 correct, but the difference between these numbers is  
4 that whereas the first percentage increase shown  
5 reflects the evidence that we have provided in this  
6 application.

7 I noted it as approximately 2,000 pages  
8 explaining the investments and how this money was  
9 going to be spent.

10 The new building rate rider was done -- was  
11 provided and to be in compliance with what the  
12 Board's request was as an early estimate based on the  
13 information we currently have. I have highlighted  
14 that both the cost and the timelines are uncertain  
15 for these.

16 And, furthermore, we haven't filed an ICM  
17 application showing the prudence, the need, or  
18 materiality that are requirements of an incremental  
19 capital module.

20 So that is why we don't agree that these should  
21 be added together. There's significant uncertainty.  
22 And because -- and there is significant uncertainty  
23 including the specific gears that the rate rider  
24 would even come into play because we have not filed  
25 our application.

26 L. MURRAY: But am I not correct that you have  
27 to be out of your current location by 2028, so you --  
28 there isn't a lot of flexibility in terms of pushing

1 out the new building two or three years?

2 V. BENNETT: Agreed. But the difference between  
3 2027 and 2028 is a year.

4 L. MURRAY: But let's assume that everything  
5 sort of comes to fruition as expected right now, that  
6 the building does come into service in 2027, and it  
7 does come in bang-on what the current budget is,  
8 which, I think, is around \$61 million.

9 You would agree that if all those things do  
10 happen, the total rate increase would be more than 30  
11 percent for pretty much every customer class?

12 V. BENNETT: This is obviously ignoring the IRM  
13 implications as well as the other things that go into  
14 getting the final amounts for each year. But if you  
15 add those numbers together and you do a percentage  
16 total increase on the current bill in 2025, you get  
17 that number.

18 But I just disagree that it makes sense to add  
19 these numbers up in this -- and present them in this  
20 way.

21 L. MURRAY: And you mentioned the IRM increase.  
22 In fact, that would actually make the percentage  
23 increase over two years even larger than it would be?

24 V. BENNETT: Potentially, yes, it would -- it  
25 could.

26 L. MURRAY: It wouldn't be smaller?

27 V. BENNETT: I can't predict what the IRM would  
28 say, but I have only seen them go up, yes.

1           The other thing that I will note, and if we go  
2 back to the settlement proposal table that I  
3 highlighted, on a total bill impact, which is where  
4 the OEB looks at the rate mitigation, the current  
5 proposal for residential rate class is a 3.2 percent  
6 increase on the total bill.

7           I have noticed that you have not included an  
8 impact on the total bill in this column, and that  
9 also makes it misleading for what the impact would be  
10 to a customer in the future.

11          L. MURRAY: Focusing again on K1.4, you would  
12 agree that your evidence is that a residential --  
13 typical residential customer, the cost which they  
14 will sort of pay of the new building, assuming it  
15 stays same time, same budget, would be \$4.45 a month?

16          V. BENNETT: That is what we have calculated  
17 using the OEB's ICM model.

18          L. MURRAY: So a typical residential customer,  
19 there is a potential that they may end up paying \$50  
20 each year just for the new building?

21          V. BENNETT: Can you -- I don't understand that  
22 math. Can you break it down for me, please.

23          L. MURRAY: 4.45 times 12.

24          V. BENNETT: Oh, so you are adding it up for a  
25 full year. So \$50 on a full-year basis?

26          L. MURRAY: I think it is about 53, but I  
27 rounded it down. It is \$4.45 times 12. I think it  
28 is slightly over \$50.

1 V. BENNETT: Okay. Yeah, that --

2 L. MURRAY: Subject to check, would you --

3 V. BENNETT: That seems correct that 4.45 times  
4 12 is 53.

5 L. MURRAY: But you haven't surveyed your  
6 customers specifically about this \$4.45 amount, have  
7 you?

8 V. BENNETT: We have included in our cost of  
9 service customer engagement survey, which we did last  
10 September, using the initial bill impact that we had  
11 at the time, and that was 3.66. So it was not the  
12 same number. It was in the same vicinity of \$4, but  
13 it wasn't exactly the same number, and we wanted --  
14 that we knew that was an initial estimate.

15 It wasn't the focus of the survey, which was the  
16 distribution system investments that were going into  
17 this cost of service application.

18 So we did include a magnitude because we wanted  
19 to make sure customers were aware this was coming.  
20 But as I mentioned in my conversation with Mr.  
21 Garner, we planned to do a full customer engagement  
22 with the final costs and timelines so we can seek  
23 more input that will -- that will go into our  
24 incremental capital module, which will assist the OEB  
25 in evaluating that application.

26 L. MURRAY: If we could please pull up Exhibit  
27 K2.3, which is an excerpt from the customer survey  
28 that you conducted prior to Oshawa's last cost of

1 service application. Scroll down so we can see the  
2 results of the question.

3 And this page shows that when Oshawa previously  
4 surveyed customers back in -- I think it was 2019,  
5 about the possibility of a new building, the  
6 estimated cost at that point was \$1.53 a month; is  
7 that correct?

8 V. BENNETT: That is what I have read in our  
9 customer survey and see before me.

10 L. MURRAY: Which is roughly one-third of the  
11 current cost of the building?

12 V. BENNETT: I don't have any information on how  
13 this number was calculated. I would note that this  
14 survey was done in 2019, as noted at the bottom of  
15 the table. So I don't know how that was calculated.

16 L. MURRAY: And then in the 2024 customer survey  
17 that is included as a part of this application, the  
18 cost of the new facility, I think you mentioned was  
19 put to customers, was \$3.66 a month; correct?

20 V. BENNETT: That is correct.

21 L. MURRAY: Can we please go to Exhibit 1 where  
22 these results are shown. I think it is page 282 of  
23 the PDF of Exhibit 1. You could scroll down to the  
24 bottom and maybe a little bit sort of half of the  
25 last two lines of the bottom, and then go over onto  
26 the next page so we can see all the questions that  
27 were asked about the building.

28 So one thing I didn't notice in the -- this 2024

1 survey, you don't seem to have asked customers  
2 specifically whether or not they support going  
3 forward with the new building given the cost. You  
4 asked that question in 2019, but you didn't seem to  
5 ask it here. I am just wondering why.

6 V. BENNETT: So -- and this came up yesterday as  
7 well. But from my read of the 2019 survey, it seems  
8 like at the time there were some options including --  
9 they actually mention there are many options  
10 including renovating the current facility or moving  
11 to a new facility.

12 And by the time we were doing our survey, and I  
13 don't know the circumstances with respect to the move  
14 at that point, that was not our situation. Our  
15 situation is that we have to move. We have a lease  
16 that says that we have to be out by 2028.

17 L. MURRAY: But presumably you had more than one  
18 option, so I am just wondering why you didn't put  
19 sort of the various options to customers to get their  
20 feedback in terms of what it would cost --

21 V. BENNETT: So --

22 L. MURRAY: -- and you don't take that into  
23 account in your plan.

24 V. BENNETT: Well, in attachment 1-3, we explain  
25 the different options we explored, and they were  
26 quite numerous. We looked at several different  
27 locations, renovations, rent. We can go back there,  
28 but we did cover that yesterday, Mr. Murray, so --

1           L. MURRAY: But you never explore those options  
2 with customers in terms of, if you choose this  
3 option, it will cost \$3 a month. You choose this  
4 option, it will cost you \$4 a month. You never put  
5 those options to customers, did you?

6           V. BENNETT: We did not because there was only  
7 one feasible option, so we explained -- and maybe we  
8 do go there. So let's go to interrogatory -- so at  
9 interrogatory 1, and it is attachment 1-3. Okay. If  
10 we can just scroll up. So this is the report we were  
11 discussing before, and I would just like to go to the  
12 fourth page.

13           So this report fully details the options that  
14 were examined, and you are right, we didn't put non-  
15 technically feasible options to our customers for  
16 comment that didn't seem meaningful. What we wanted  
17 to do was highlight a real, workable solution  
18 instead.

19           And so we had these various options. There was  
20 a short list. If you go to the next slide, you can  
21 see our evaluation of three different options. Then  
22 if we keep scrolling. Keep scrolling down to the  
23 next one.

24           This is where we also examine rental options.  
25 If we go to the bottom of this page, we explain why  
26 we didn't -- why -- that we didn't find a rental --  
27 rental opportunity, including, you know, reasons why,  
28 which is related to the vacancy rates.

1           So in summary, we -- there weren't options to  
2 present to customers. Instead, there was a feasible  
3 option that we are going forward with, and we wanted  
4 to highlight that to customers, particularly when we  
5 are talking about bill impacts to do with the cost of  
6 service.

7           L. MURRAY: And you would agree that since it  
8 has gone from 3.66 to 4.45, which, by my math, was  
9 about a twenty -- I think 22 percent increase --

10          V. BENNETT: Yeah.

11          L. MURRAY: -- you haven't gone back to  
12 customers and got their feedback on that at all?

13          V. BENNETT: No. That update was done, I think,  
14 two and a half weeks ago, so we have not had time to  
15 do our survey.

16          L. MURRAY: And appreciate --

17          V. BENNETT: Sorry, Mr. Murray. But as I noted  
18 to Mr. Garner, we are planning to do that, but we  
19 want to go forward with a final number.

20          As you can see, customers have seen some  
21 different numbers for the building, and we want to  
22 get the final number once we have it as well as the  
23 timeline.

24          L. MURRAY: Will that feedback be sought from  
25 the -- before or after you sort of enter into a  
26 binding contract that sort of pushes you down a road  
27 where it is hard to come back?

28          V. BENNETT: We haven't planned the exact timing

1 yet. It would be before the ICM application.

2 L. MURRAY: And on a high level, are you able to  
3 provide some idea of what changes in scope or what  
4 has caused the increase to more than triple from  
5 \$1.53 in 2019 to now 4.45?

6 V. BENNETT: Mr. Murray, I have no information  
7 about how that was calculated. I believe that was  
8 actually -- based on the date, could have been  
9 several executive teams ago, and I have no idea. I  
10 could speculate that it was before the pandemic, but  
11 I don't really -- I have no other information.

12 L. MURRAY: So we don't -- you don't have any  
13 idea how, like, the cost estimate in 2019 was  
14 derived?

15 V. BENNETT: No.

16 L. MURRAY: We have heard your responses as to  
17 how the building was considered as part of your '26  
18 to '30 plan. Is there anywhere in your evidence that  
19 speaks to how the -- Oshawa adjusted its capital  
20 expenditure plans in 2024 and 2025 to account for the  
21 fact that this huge expense is coming?

22 V. BENNETT: And, Mr. Murray, to confirm, your  
23 question is for 2024 and 2025 specifically?

24 L. MURRAY: Yes.

25 V. BENNETT: Okay. So if -- if we can just go  
26 to Exhibit 2, attachment 2-1, the DSP, there is an  
27 explanation of this at the bottom of page 10 of the  
28 DSP.

1 L. MURRAY: Can you point me to where in  
2 particular it talks about how you adjusted your  
3 spending in these years to account for the fact that  
4 the building is coming?

5 V. BENNETT: I will just refer you to the last  
6 paragraph. So:

7 "In 2024, Oshawa Power reported lower in-  
8 service amounts in three of the four -- " [As  
9 read]

10 This -- so the next sentence:

11 "This was primarily due to strategic  
12 reallocation of budget towards the acquisition  
13 of land for the new facility." [As read]

14 And then there is some other reasons given:

15 "Deferral of subdivision energizations to 2025  
16 due to delays in developer-constructed  
17 subdivisions was also a contributor. The land  
18 purchase was necessary and executed prudently."  
19 {As read]

20 L. MURRAY: Just one final point on this. I  
21 just wanted to confirm that the 4.45 amount --  
22 actually, two more things.

23 The \$4.45 estimate you have for the building for  
24 residential class, this is based on the A.W. Hooker  
25 Class B estimate of \$61 million; correct?

26 V. BENNETT: The A.W. Hooker is just for the  
27 Class B.

28 L. MURRAY: Okay.

1 V. BENNETT: The 61 million represents the Class  
2 B estimate for the building construction, the land,  
3 and then the estimated soft costs.

4 L. MURRAY: Okay. And so after receiving the  
5 Class B estimate, which presumably was higher than  
6 you previously forecast, did Oshawa take any steps to  
7 re-examine its DSP or capital envelope to see if  
8 other capital programs could be deferred in light of  
9 the escalating building costs?

10 V. BENNETT: So as I noted in the letter when we  
11 provided the \$4.45, the Class B was not an increase  
12 in cost. It was more -- it was -- and maybe I will  
13 just take you to that letter. Okay.

14 So the letter is an Oshawa Power letter on  
15 October 10th that provided several items following  
16 the motions hearing. And in that letter, we  
17 specifically provide -- as in accordance with our  
18 discussions with Mr. Shepherd, we agreed to provide  
19 the updated monthly income -- sorry, the updated  
20 monthly impact.

21 On page 2 of that letter, we identify that we  
22 updated the total cost, but we also revised the  
23 initial assumptions we had made, particularly to the  
24 materiality threshold and use of the half-year rule.

25 And so it wasn't that the building got more  
26 expensive, it was revising those initial assumptions.  
27 We have been working to reduce the cost of the  
28 building, and so the top line number for the building

1 didn't change. It was just the bill impact and  
2 revenue requirement that was calculated here.

3 L. MURRAY: Okay. Thank you. I would like to  
4 move on. Can I ask that we pull up K2.4. And this  
5 is a copy of Oshawa PUC's website that talks about  
6 grid automation that Oshawa has put in place.

7 V. BENNETT: Mr. Weatherbee can speak to this.

8 L. MURRAY: I have a question. I am just hoping  
9 the document can be pulled up first. If we could go  
10 to page 5 of the document, and the bottom, under the  
11 title "What's Next?" I am going to try to summarize  
12 this.

13 So I just want to make sure I this timeline  
14 correct. You started grid automation of FLISR in or  
15 around December 2021. Is that correct?

16 M. WEATHERBEE: That is correct, in and around  
17 December '21.

18 L. MURRAY: And initially, there was about 8  
19 percent automation done, and since sort of 2021, it  
20 has been going up incrementally over time in various  
21 stages of the project. Is that fair?

22 M. WEATHERBEE: That is fair.

23 L. MURRAY: I am not sure if this is the current  
24 number, but the latest number they have on the  
25 website is 40 percent is now automated. Is that  
26 still the current number, or is that a little bit out  
27 of date?

28 M. WEATHERBEE: That is still the current

1 number. It might be 41, 42 percent now, but that is  
2 of our 13.8 kV distribution system.

3 L. MURRAY: Are you able to provide any further  
4 information about how FLISR will expand over the next  
5 few years? Is it going to continue? I assume you  
6 are not going to stop at 41 or 41. You are going to  
7 keep going until, hopefully one day, maybe 100 or  
8 close to it.

9 M. WEATHERBEE: That is correct. If I could get  
10 you to pull up the DSP, in specific, the material  
11 justification sheets and material justification sheet  
12 SS02, which would be page 76 of the material  
13 justification sheets.

14 Maybe specifically page, I think it is, 321 of  
15 the PDF.

16 J. VELLONE: I apologize. It looks like we are  
17 sharing here, but it is not projecting up on the  
18 screen for some reason. We have some technical  
19 difficulties.

20 M. WEATHERBEE: There it is. Thank you.

21 So, Mr. Murray, to answer your question, this is  
22 one of our projects coming up from the 2026 to 2030  
23 period where we will be expanding our FLISR.  
24 Currently, it is sitting at 40 percent currently, and  
25 we plan to continue to upgrade the FLISR as it is a  
26 very robust product we have.

27 L. MURRAY: Thank you for that. If we could go  
28 back to Exhibit K2.4. Sorry, before we go -- before

1 I go into my next question.

2 So you said that they were going to improve  
3 FLISR. Do we have any sense of it is going to go  
4 from 40 to a certain percentage? Like, can you --  
5 are going to be providing more details than that? Is  
6 it going 40 to 50 over the next five years? 40 to  
7 60? 40 to 80?

8 M. WEATHERBEE: Thank you, Mr. Murray. By the  
9 end of twenty twenty -- or 2030, sorry, we hope to  
10 attain 60 percent.

11 L. MURRAY: And between now and 2030, will they  
12 sort of -- almost incremental, maybe 4 percent a  
13 year? Would that make sense? 4 percent, '26; 4  
14 percent, '27; 4 percent, '28? Is it going to be sort  
15 of linear in that way, give or take?

16 M. WEATHERBEE: I will pass to Mr. Ganapathy for  
17 the details for each individual year.

18 A. GANAPATHY: Mr. Murray, the 40 percent and 60  
19 percent are slightly arbitrary. It depends on what  
20 you are referring to. The 40 percent is talking  
21 about 40 percent of the 13.8 kV feeders in our system  
22 have been incorporated with automated devices. There  
23 is no percentage that you can allocate to  
24 distribution automation.

25 This is just saying 40 percent of the total  
26 number of feeders that we have are integrated with  
27 FLISR, and that will be up to 60 percent, which means  
28 20 more percent of those total number of feeders will

1 be touched. That is just a layered approach of  
2 installing automation.

3 L. MURRAY: And I guess just to pull back, my  
4 question is sort of -- and I don't need to be  
5 precise. Like, exactly the percentage in each year  
6 because it is sort of -- it is not going to be 40  
7 percent in '26, 40 percent in '27, 40 percent in '28,  
8 40 percent in '29, and then all of a sudden, 60.

9 It might be sort of going up, give or take  
10 linearly, such that it will improve incrementally  
11 each year.

12 A. GANAPATHY: That is right. You will see in  
13 page 78 of that same material justification sheet, it  
14 talks about how many units we plan on installing on  
15 the 44 kV and 13.8 kV starting 2028 to 2030. So it  
16 is not starting in 2026 because we wanted to mitigate  
17 test year rate impact. So it starts in 2028 to 2030.

18 L. MURRAY: Okay. Thank you. If we could go  
19 back to Exhibit K2.4. And if we could go up, maybe  
20 just take a quick look at both pages 4 and 5 of this  
21 document.

22 It seems to show both sort of the trends to do  
23 with SAIDI and SAIFI in Oshawa's service territory.  
24 Is that correct?

25 M. WEATHERBEE: That is correct. Those are  
26 showing our results between 2022 and 2024 as it  
27 pertains to SAIDI and SAIFI.

28 L. MURRAY: I heard you say earlier that 2024

1 and the results for SAIDI and SAIFI were a bit of an  
2 anomaly. But if you look at these two charts, it  
3 seems that there is a general positive trend towards  
4 shorter outages, less outages. Is that fair to say?  
5 It is not just a one-year anomaly; it seems to be  
6 trending down overall?

7 M. WEATHERBEE: It is -- it has been trending  
8 down overall except there has been anomalies, there  
9 has been years where we have not experienced weather  
10 volatility or major foreign interference. And 2025,  
11 just as a note, is trending higher than 2024.

12 L. MURRAY: But you would agree that, generally,  
13 it is trending down? Like, for example, 2025 is not  
14 going to be up where 2022 was?

15 M. WEATHERBEE: 2025 may end up where 2022 was.  
16 It depends on weather volatility for the remaining  
17 two months of the year.

18 L. MURRAY: Absent some sort of really bad  
19 weather the next two months, you are not anticipating  
20 it being up there again?

21 M. WEATHERBEE: We are anticipating it to be  
22 about the -- just under the 2023 values, according to  
23 our current trends.

24 L. MURRAY: Okay. And is it fair to say FLISR  
25 is one of the key reasons for this improved  
26 reliability?

27 M. WEATHERBEE: FLISR is certainly one of the  
28 factors, yes. There are a lot of other factors that

1 go into our reliability. This article in particular  
2 was showcasing to our customers some of the  
3 advancements that we have made on our systems and  
4 showcasing to our customers what Oshawa Power is  
5 doing to keep reliability in check.

6 L. MURRAY: And can you just maybe expand a bit  
7 on what some of the benefits of the FLISR expansion  
8 have been on reliability in the system.

9 M. WEATHERBEE: Yeah. So FLISR, for the group,  
10 stands for fault location, isolation, and service  
11 restoration, and what it does is it senses a fault  
12 within the distribution system, and then it restores  
13 power to the surrounding areas and isolates just that  
14 faulted area.

15 So typically, if you had a fault on the 44 kV  
16 system and a 44 kV breaker was to open -- or a 13.8  
17 kV breaker, for that matter -- all of the customers  
18 on that feeder would be out. The way that Oshawa  
19 Power's system is designed is that we are able to  
20 then reroute the power from another feeder and just  
21 isolate that single section; therefore, lowering the  
22 amount of customers and lowering the overall impact  
23 on reliability.

24 L. MURRAY: And can you please explain how  
25 Oshawa PUC's automation strategies have been  
26 accounted for in the asset condition and risk  
27 assessment that was conducted by METSCO?

28 A. GANAPATHY: Mr. Murray, the asset condition

1 assessment is not pertaining to distribution  
2 automation. That would more so recommend replacement  
3 of assets. So the -- it doesn't play a role in it.

4 L. MURRAY: But doesn't the asset condition  
5 assessment not just consider the likelihood of  
6 failure, but also sort of the result of that, the  
7 risk, what harm can happen?

8 And won't FLISR actually lessen the risks of  
9 outages or the harm of outages in certain areas.

10 A. GANAPATHY: I should clarify. Yes, so the  
11 impact is taken into account at the asset level, not  
12 as a whole system planning level; however, the impact  
13 is not just reliability. With an impact to  
14 reliability comes impact to safety, as they are very  
15 well tied together.

16 As an example, if we take a pole to fail, if we  
17 base it just off of reliability numbers and say it is  
18 okay for that reliability number to be reduced  
19 because our reliability in the historical periods are  
20 good, we are also saying it is okay to have a safety  
21 incident, which is something that we are not hoping  
22 to achieve in the 2026 to 2030 period.

23 L. MURRAY: According to Interrogatory 62,  
24 Oshawa has calculated its 2026 reactive budget at  
25 \$1.8 million using the average of the 2021 to 2025  
26 period with an 8 percent reduction from the historic  
27 average.

28 Can you please explain to me how you came to the

1 conclusion that an 8 percent reduction to the  
2 historic period was prudent when estimating your  
3 reactive budget?

4 A. GANAPATHY: So I believe in that same  
5 interrogatory, we say at the time the budgeting  
6 exercise was done, we did it based on 2021 to 2023  
7 values, which was a 20 percent reduction. And 2024  
8 value was 1.6, which was an anomaly year, and it was  
9 still at 1.6.

10 So we assumed a reasonable increase to the 2026  
11 to 2030 period, which ended up being an 8 percent  
12 reduction from the overall average.

13 L. MURRAY: But haven't your reactive budgets  
14 been going down over time?

15 A. GANAPATHY: I believe I answered this -- I  
16 can't remember which intervenor it was, but reactive  
17 budgets also include run to failure assets, which is  
18 typical utility practice. So pad-mounted  
19 transformers, for example, pole-mounted transformers  
20 are some of the assets that are run to failure when  
21 not replaced in conjunction with underground system  
22 rebuilds or overhead system rebuilds.

23 L. MURRAY: Okay. I would like to move on.

24 The next project I would like to talk about is  
25 the three feeders project for MS9. And I don't have  
26 a lot here because I think this has already been  
27 covered by some of the earlier questions, but I just  
28 had a couple of things I wanted to confirm.

1 First, Oshawa has forecast it will cost \$1  
2 million to install three new feeders that would  
3 alleviate load on MS7. Is that correct? Is that the  
4 purpose of this project, to alleviate load on MS7?

5 A. GANAPATHY: There were three other objectives  
6 -- or two other objectives along with the MS7 target  
7 that was identified in the material justification  
8 sheet.

9 I will pull up the page number. Just give me  
10 one second. It is page 71.

11 L. MURRAY: Okay. Thank you for that. Can we  
12 agree that once the three feeders are energized,  
13 there will be a higher -- higher capabilities for  
14 load distribution in switching between MS7 and MS9?

15 A. GANAPATHY: That is an accurate statement --  
16 actually, I should qualify that by saying just the  
17 feeders coming out of the station is not enough for  
18 it to be linked with another feeder of a different  
19 station.

20 So the corresponding feeder or overhead rebuilds  
21 would need to be complete, and tie points need to be  
22 introduced in order for that to be the case. So the  
23 MS9 feeder project -- of bringing the egress cables  
24 right outside the station will not automatically  
25 introduce the capacity of the alleviation between  
26 MS7.

27 L. MURRAY: Is the -- whatever else needs to be  
28 done to sort of finalize that capability? Is that

1 also being done, I presume?

2 A. GANAPATHY: It is. It is part of it, and  
3 that will be done in conjunction with the road  
4 widening that we mentioned for Conlin Road so that we  
5 are not introducing these new assets and then having  
6 to relocate them.

7 We will tie it in such that the poles are  
8 equipped to introduce these tie points when  
9 constraints become an issue so that we can move those  
10 loads around, and that is not limited to MS7.

11 MS7 is one area where the auto transfer switch  
12 between the buses are currently turned off because of  
13 capacity issues, but the capacity isn't radial. It  
14 loops within different stations, and it can alleviate  
15 loading constraints for any new customers within a  
16 certain vicinity of that station.

17 L. MURRAY: And I am hoping we also can agree  
18 that once these three feeders are sort of -- I will  
19 call it operational, there would be reduced risk  
20 associated with the failure of either MS7 or MS9  
21 station assets?

22 A. GANAPATHY: From a transformer loading  
23 perspective, correct.

24 L. MURRAY: Thank you.

25 Moving on. I want to talk a bit about meter  
26 replacements. Now, I want to make sure I have this  
27 right. So starting in 2026, Oshawa plans to  
28 proactively replace metering equipment; do I have

1 that right?

2 M. YACKOUB: Yes.

3 L. MURRAY: And this is a change because  
4 historically, you have taken a reactive approach to  
5 meter replacement; is that also right?

6 M. YACKOUB: Primarily, yes.

7 L. MURRAY: If we could pull up Exhibit 2, and  
8 it is page 313 of the PDF. And I am looking at the  
9 top table. This is the material justification sheet.  
10 It shows that this proactive replacement program will  
11 have an annual cost each year from '26 to '30 of \$1.1  
12 million; do I have that right?

13 M. YACKOUB: Yes.

14 L. MURRAY: And this \$1.1 million annual amount  
15 seems to be somewhere around three times as much as  
16 what has been historically spent on meter  
17 replacements between the years 2021 and 2025.  
18 Subject to check, can we agree on that?

19 M. YACKOUB: Roughly, yes.

20 L. MURRAY: And from looking at the "Number of  
21 Units" column, so the last column in this chart,  
22 there doesn't seem to be an increase in the number of  
23 meters failing; is that correct?

24 M. YACKOUB: Do you mean the meters being  
25 replaced?

26 L. MURRAY: Meters being replaced.

27 M. YACKOUB: There is an increase, and we did --  
28 there was an IR about why the cost per meter varies,

1 and it also depends on the kind of meter that you are  
2 replacing.

3 In the replacement program that we are  
4 proposing, these are single-phase meters that are the  
5 lower-cost meters.

6 L. MURRAY: I am struggling a bit with how  
7 between 2021 and 2025, there has been an increase in  
8 the number of meters being replaced.

9 Admittedly, between '24 and '25, there has been  
10 a slight increase. But if you look, like, 2025  
11 compared to 2021, it is a third of the meters are  
12 being replaced than they were in 2021.

13 M. YACKOUB: Sorry. Could you just clarify your  
14 question? Are you asking me why in 2026 there aren't  
15 too many more meters being replaced than in 2021? Is  
16 that what you're saying?

17 L. MURRAY: No, no. I am focusing on 2021 to  
18 2025.

19 When I look at sort of the number of units that  
20 are being replaced between 2021 and 2025, there  
21 doesn't seem to be an increasing problem of meters  
22 being -- having to be replaced reactively because of  
23 some sort of issue.

24 In 2021, you had 2,026 meters replaced. In  
25 2025, you only have 657 to be replaced. So it seems  
26 like, if anything, there is a trend down in terms of  
27 the number of meters being replaced each year.

28 M. YACKOUB: Right. So this is in response to

1 meter re-verifications. So I think in the previous  
2 period, we are talking about meters due to failure.  
3 Now, we are saying proactively, these meters are  
4 coming up for re-verifications, and they may fail.  
5 And they will eventually fail resealing, and so we  
6 are proactively replacing them.

7 L. MURRAY: But that is 2026. I am talking  
8 about 2025. Aren't you still just -- this year, you  
9 are just doing reactive replacements; is that not the  
10 case?

11 M. YACKOUB: So you are asking me, why are less  
12 meters failing?

13 L. MURRAY: No. Well, I first just want to  
14 confirm. In 2025, are you proactively replacing  
15 meters?

16 M. YACKOUB: No.

17 L. MURRAY: Or are you still just in your  
18 reactive program? There is a problem with the meter;  
19 we are replacing it?

20 M. YACKOUB: Yes, that's right, the latter.

21 L. MURRAY: And so the last year of we're still  
22 reactively replacing. There doesn't seem to be some  
23 sort of increase in meters failing. Like, there is  
24 not a trend from '21 to '25 of more meters failing  
25 each and every year.

26 M. YACKOUB: Yeah, that is right. So I think  
27 just the point of confusion between what I am saying  
28 and what you are saying is this isn't a result of an

1 increase in failing meters, the proposed program.  
2 This is a result of the re-verifications that are  
3 coming up.

4 So re-verifications are a testing of the meter  
5 seal. So the meter hasn't failed, but it doesn't get  
6 re-verified. Does that explain the difference?

7 L. MURRAY: I understand the distinction. I am  
8 just trying to -- that is the reason you are doing  
9 it. I understand that. What I am struggling with is  
10 I can see a justification for that if there seemed to  
11 be an increased issue with meters malfunctioning,  
12 failing, but that does not seem to be the case. If  
13 anything, it seems to be there is less and less  
14 issues with meters that are requiring replacing.

15 M. YACKOUB: Yes. So I understand what you are  
16 saying.

17 So two things I will just note. One is that we  
18 are not proposing the replacement because meters are  
19 failing. We are proposing the replacement because  
20 they are coming up for re-verification, and they may  
21 have to be replaced even though they are not failing.

22 The meters aren't failing, but the re-  
23 verification is failing. So the re-verification  
24 cycles are depending on when the meter was installed,  
25 so it is not uniform throughout the years.

26 In 2020 -- I believe it was 2028, there is a  
27 large number of meters coming up for re-verification,  
28 about two-thirds of our meters, and so there is a

1 high risk there that many of those meters, because  
2 they are coming up to their 18-year reseal re-  
3 verification, that they may fail.

4 And so we are proactively replacing these  
5 because, again, this is now a 10- to 15-year project  
6 at these rates, and the meters won't last for another  
7 10 to 15, so we have to start at some point.

8 The second point I just wanted to make is that -  
9 - so as we are spending money replacing these assets,  
10 we are also deferring the AMI2.0, which will  
11 eventually become a requirement for the utility. So  
12 we would like to get a start on that now and move to  
13 the next generation.

14 So we are putting in meters that are AMI2.0, but  
15 our infrastructure doesn't support it, so we have to  
16 -- let me rephrase this. The meters that we are  
17 purchasing today are technically AMI2.0 meters, but  
18 we can't use them as AMI2.0 meters because our  
19 infrastructure is not AMI2.0.

20 So what we would like to do is go to tender and  
21 actually select an AMI2.0 vendor so that we can put  
22 in meters that we are not just throwing away if we  
23 decide that we should move to a different vendor.

24 So it is a proactive program for AMI2.0. And  
25 because there are two-thirds of our meters coming up  
26 for re-verification, that is not the same as them  
27 failing. So the meters could -- if we didn't have to  
28 re-verify, they could run for another 10 years and

1 still fail re-verification. There is a difference  
2 there.

3 L. MURRAY: Okay. And you said -- I recall in  
4 your discussion, you said there is a high risk that  
5 they are going to fail re-verification.

6 I thought when you talked to Mr. Gluck earlier,  
7 you said you don't have much visibility in terms of  
8 whether they are going to pass or fail? Can you  
9 verify? Did I misunderstand or mishear something?

10 M. YACKOUB: If I said, "high risk." My  
11 apologies. I am not sure if I was referring to over  
12 the next 15 years or not. I think maybe I was saying  
13 -- I would have to go through, but I think I was  
14 saying these meters would be there for another 15  
15 years, and if we didn't start the program now, there  
16 is a high risk that they would fail over the next  
17 period.

18 But you are right, we don't know exactly when  
19 these things will fail re-verification.

20 L. MURRAY: So it is possible, like, of the 5.5  
21 million meters -- \$5.5 million of meters you are  
22 replacing, 80 percent of them could pass re-  
23 verification potentially in 2028?

24 M. YACKOUB: Yeah.

25 L. MURRAY: You don't know?

26 M. YACKOUB: There is risk there, and, you know,  
27 80 percent of our poles could live to 200 years as  
28 well, but there is risk that we have to assess,

1 right.

2 L. MURRAY: But do you have any, like -- like,  
3 with poles, often you have, like, sort of historic  
4 periods, you know how long they last in this sort of  
5 temperature and this sort of climate.

6 Do you have something with the meters to suggest  
7 that they are going to fail -- a substantial portion  
8 of them are going to fail in 2028?

9 M. YACKOUB: No. That is the issue here is we  
10 don't know exactly what the risk is. Again, because  
11 two-thirds of these are coming up for re-verification  
12 in 2028, we just don't have sufficient data.

13 L. MURRAY: And going back to, once again, not  
14 the '26 to '30 period. Going back to '21 to '25 and  
15 those meters that have failed between those years.  
16 Do you happen to know the average age of meters that  
17 have failed between '21 and '25?

18 M. YACKOUB: Just give me one second.

19 I don't have the -- that information wasn't  
20 filed for what the average mean time to failure for  
21 meters is. Again, I just want to make sure we are  
22 talking about device failure versus re-verification  
23 failure.

24 L. MURRAY: Understood, yes. I mean, presumably  
25 these are the ones -- because '21 to '25, those ones  
26 you have been replacing. You haven't been replacing  
27 because they failed re-verification. You are  
28 replacing them because they failed?

1 M. YACKOUB: Correct.

2 L. MURRAY: Is that accurate?

3 M. YACKOUB: Correct.

4 L. MURRAY: So for those, would it be possible  
5 to give an undertaking to provide us with the average  
6 age of meters that failed between '21 and '25.

7 M. YACKOUB: That failed -- just for clarity,  
8 which kind of failure are we talking about?

9 L. MURRAY: Such that they had to be replaced,  
10 so the ones listed here.

11 M. YACKOUB: So not re-verification?

12 L. MURRAY: Not re-verification.

13 M. YACKOUB: Okay.

14 L. MURRAY: Failure.

15 M. YACKOUB: Yes.

16 L. MURRAY: And also, part of that undertaking,  
17 if you could also -- if possible, we would also like  
18 to know how many meters -- whatever number that is in  
19 terms of the average age of failure, how many meters  
20 you have above that average currently.

21 So what is the average age of the failure of the  
22 meters that have failed between '21 and '25, and then  
23 how many more meters do you still have out there that  
24 haven't failed that are above that age. Is that  
25 something you could provide by way of undertaking?

26 M. YACKOUB: Yes. If we have the data, I will  
27 provide that.

28 L. MURRAY: Thank you. That will be Undertaking

1 J2.7.

2           **UNDERTAKING J2.7: TO ADVISE OF THE AVERAGE AGE**  
3           **OF THE FAILURE OF THE METERS THAT HAVE FAILED**  
4           **BETWEEN '21 AND '25 AND HOW MANY MORE METERS**  
5           **STILL OUT THERE THAT HAVEN'T FAILED THAT ARE**  
6           **ABOVE THAT AGE**

7           L. MURRAY: I am mindful of time. I only have a  
8 couple more topics.

9           I would like to turn and talk a bit about the  
10 municipal substation switchgear replacement program.  
11 Once again, I want to take a step back to make sure I  
12 understand things properly.

13           Oshawa has forecast a cost of \$3.5 million for  
14 this project in 2025; is that -- do I have that  
15 right?

16           A. GANAPATHY: That is correct.

17           L. MURRAY: And there is an additional \$3  
18 million more for this project in 2026; is that right?

19           A. GANAPATHY: I believe so. The actual amounts  
20 are in Appendix 2-AA.

21           L. MURRAY: Yes. Okay.

22           I was hoping we could pull up the material  
23 justification sheet for this project, which is found  
24 at page 58 of Appendix B to the DSP or page 303, I  
25 think, of the exhibit PDF. And I am going to read  
26 from the -- if you could scroll down, I think it is  
27 page 2 I am looking for. Scroll. Yeah.

28           I am going to read from the investment priority

1 portion of this, and I am going to read from the  
2 second paragraph, which states:

3 "The high priority of this program is justified  
4 by the poor condition of the assets, their  
5 significant potential impact on a large number  
6 of customers in the event of failure, and a  
7 quantified options analysis recommending  
8 replacement due to their nearing economic end  
9 of life." [As read]

10 Did I read that quote fairly?

11 A. GANAPATHY: You read that fairly, yes.

12 L. MURRAY: Now, can we now go -- with that on  
13 our plate, can we now go to figure 4-43 of the ACA,  
14 which is page 441 of the PDF.

15 And this -- this figure seems -- shows that  
16 there are three switchgear buses in fair condition,  
17 and Oshawa's other 18 buses are in good or very good  
18 condition; am I reading that right?

19 A. GANAPATHY: You are reading that correctly.

20 L. MURRAY: And then if we could also go to --  
21 after this, go to figure 6-20 of the ACA, which is  
22 page 497 of the PDF.

23 And if we could just scroll down. And this in  
24 figure 6-20 sort of, while I understand the  
25 difference between 4-43 is 4-43 just looks at the --  
26 what the condition is, and 6-20 also quantifies or  
27 considers the risks or potential impact of a failure;  
28 do I have that right?

1           A. GANAPATHY: Yes. However, I believe we are  
2 missing the entire context of the options analysis  
3 report which was specifically targeting the need for  
4 replacement of the switchgears with the circuit  
5 breakers themselves, which is what drove the  
6 replacements of those critical assets. So that  
7 entire report needs to be referred to.

8           L. MURRAY: Did you want to refer that now, or  
9 can I go on to ask my question about 620?

10          A. GANAPATHY: Was there anything specific in  
11 that report --

12          L. MURRAY: Well, I just wanted to confirm it is  
13 620. Once again, there seems to be one bus where  
14 there is a high risk, 13 of the 18 buses are moderate  
15 risk, two are low risk -- low/moderate risk, and two  
16 are low risk. Is that what the chart shows?

17          A. GANAPATHY: This chart specifically, yes.

18          L. MURRAY: So is it safe to say that some of  
19 the switchgears that are currently being replaced as  
20 part of this project are either a moderate risk state  
21 in METSCO's 620 or better?

22          A. GANAPATHY: Again, Mr. Murray, we touched on  
23 this topic a little earlier as well. These were  
24 intermediate results of the ACA. The final  
25 recommendations for the switchgears and circuit  
26 breakers themselves incorporate the options analysis  
27 report, which is in Appendix B of Appendix C of the  
28 Exhibit 2.

1           And that report looks less on just the basis of  
2 the current condition, but uses typical useful lives  
3 from the -- from industry standards and arrives at  
4 what the optimal intervention time for an asset such  
5 as a switchgear would be by quantifying risks that  
6 aren't included in this specific sheet as well.

7           And those risk methodologies are -- let me pull  
8 up the page number for that, for the description of  
9 that methodology. It is starting in page 13 of the  
10 options analysis report where the impact and risk  
11 analysis for critical assets like this talk about the  
12 failure mode and how the impact needs to be  
13 quantified, not just from the utility's perspective,  
14 but also from the customer's perspective.

15           And I know this isn't really in this evidence;  
16 however, the most recently issued report on VASH by  
17 the OEB adopts this methodology as well.

18           L. MURRAY: And is it this analysis that took  
19 into account the penalties that you would receive if  
20 you didn't go ahead with these projects?

21           A. GANAPATHY: Yes. It took into account the  
22 material costs that we would still owe the contractor  
23 because the decisions for replacements of these  
24 municipal switchgear replacements was done prior to  
25 our time and based on the previous ACA, which was  
26 filed in the last cost of service.

27           L. MURRAY: So it is possible if that sort of  
28 penalty wasn't included, they may have reached a

1 different result?

2 A. GANAPATHY: I can't make that conclusion.

3 L. MURRAY: It is possible?

4 A. GANAPATHY: I wouldn't know. We would have  
5 to rerun the entire analysis but also understand what  
6 sort of penalty inclusions have impact on this net  
7 present value calculation.

8 L. MURRAY: When was the contract which included  
9 these penalties entered into?

10 A. GANAPATHY: I don't -- I wasn't here for  
11 that; however, it was prior to 2022.

12 L. MURRAY: Would it be possible for you to  
13 undertake to file a copy of that contract on the  
14 record?

15 A. GANAPATHY: Yes.

16 L. MURRAY: That will be undertaking J2.8.

17 J. VELLONE: Subject to confidentiality. We  
18 will have to take a look.

19 **UNDERTAKING J2.8: TO PROVIDE A COPY OF THE**  
20 **CONTRACT THAT WAS ENTERED INTO WHICH INCLUDED**  
21 **THE PENALTIES OSHAWA POWER WOULD INCUR IF IT DID**  
22 **NOT PROCEED WITH THESE PROJECTS**

23 L. MURRAY: And before entering into this  
24 contract, did Oshawa perform a benefit cost analysis  
25 that justified the replacement of the municipal  
26 substation switchgear replacements at MS2, MS5, MS7,  
27 and MS11? So did you do something -- before you  
28 entered into these contracts, what cost benefit

1 analysis did you undertake?

2 A. GANAPATHY: This was part of the last rate  
3 application. And I don't know what analysis was  
4 done, but everything that is presented as evidence  
5 for these that resulted in the approval are included  
6 in the last cost of service application.

7 L. MURRAY: Could you undertake to direct me to  
8 wherever in that last cost of service there was any  
9 cost benefit analysis done of this?

10 A. GANAPATHY: I don't know if there were;  
11 however, the material justification sheets for these  
12 projects were filed as part of the IRs.

13 L. MURRAY: But that would have been after the  
14 contract was entered into?

15 A. GANAPATHY: The material justification sheets  
16 would have been prior to. Because that was part of  
17 the last rate filing.

18 L. MURRAY: Could you at least look to see  
19 whether you ever did a benefit cost analysis before  
20 entering into the contract, and, if so, to produce  
21 it?

22 A. GANAPATHY: If there has been one complete,  
23 and I can find it, then yes, we will produce it. But  
24 the information that I have so far on the switchgear  
25 replacement project filed as per the last application  
26 has already been filed for this.

27 **UNDERTAKING J2.9: TO DETERMINE WHETHER A**  
28 **BENEFIT COST ANALYSIS WAS DONE BEFORE ENTERING**

1           **INTO THE CONTRACT, AND, IF SO, TO PRODUCE IT**

2           L. MURRAY: I am going to try and quickly cover  
3 one final area. I want to talk a little bit about  
4 Oshawa's fleet budget for 2026 where you plan to  
5 purchase three vehicles, I understand, for \$500,000  
6 total.

7           And can we pull up a copy of the response to  
8 Interrogatory 2-X-73. It is page 82/83 of the IRR X-  
9 2 PDF. And I would like to focus on table 2-2, which  
10 I think is a little bit further down, and it is  
11 actually on the next page I want to focus on. I want  
12 to focus on the row number 531, which I understand to  
13 be the pole trailer that is scheduled for  
14 replacement.

15           Now, if you look at the row 531, it shows that  
16 the operational cost for the pole trailer between  
17 2020 and 2024 were only \$19,500. Is that correct?

18           M. WEATHERBEE: It looks to be around 10,000  
19 roughly.

20           L. MURRAY: I am looking at 531, the far, far  
21 right. It says 19,461.32.

22           M. WEATHERBEE: Oh, you are referring to the  
23 total of --

24           L. MURRAY: Yes.

25           M. WEATHERBEE: -- all the years? Yes. Yes,  
26 sir. Yes.

27           L. MURRAY: Yes. What steps have been taken to  
28 consider looking into the repairing of the pole

1 trailer, given that its operational costs are quite  
2 low? Have you looked into sort of repairing it  
3 rather than replacing it?

4 M. WEATHERBEE: I would have to just take a look  
5 at one thing for one moment, please.

6 We didn't specifically put on the record what  
7 options we looked at for repair.

8 L. MURRAY: I guess maybe I will try and help  
9 move this forward. A page or two earlier, I  
10 understood that the reason why you were replacing the  
11 trailer is that it can no longer handle the weight of  
12 the poles because of the springs. And apparently,  
13 you have replaced the springs previous times.

14 I am just not clear why you couldn't have just  
15 replaced the springs again this time because I assume  
16 that would be significantly cheaper than an entire  
17 new trailer.

18 M. WEATHERBEE: So we would have to refer to our  
19 fleet replacement policy to see if some of the  
20 criteria for replacement are within those ranges  
21 therefore we would replace that.

22 L. MURRAY: Because there is nothing referencing  
23 -- perhaps we could go up a page, then. Just if we  
24 could just move up. Go up to the beginning. Just  
25 stop there. Actually, no, it is -- it is down just  
26 at the beginning of the next page. Stop. It is D.  
27 It says:

28 "Current pole trailer no longer able to handle

1 weights of the poles, and springs have been  
2 replaced a few times due to this." [As read]

3 So it doesn't seem to be, at least on the  
4 evidence I have seen, that sort of it has hit a  
5 threshold for age of the engine, age of the vehicle,  
6 mileage. It seems to be you seem to have identified  
7 the springs as the issue. Is that a fair  
8 characterization?

9 M. WEATHERBEE: That is a fair characterization  
10 for what we have put in that IRR response, but I  
11 would have to look at the fleet justification  
12 replacement documentation that we would have on file  
13 for that to confirm if that was the only reason.

14 L. MURRAY: Could you undertake to file that,  
15 and also as filing that, to the extent -- could you  
16 also provide an estimate of what the cost would have  
17 been to replace the springs, which seems is -- to be  
18 the issue here?

19 Like, if you were to just replace the springs,  
20 how much would it be versus a new trailer? So if you  
21 could do both those as an undertaking, I would  
22 appreciate it.

23 M. WEATHERBEE: Yes.

24 L. MURRAY: That will be undertaking J2.10.

25 **UNDERTAKING J2.10: TO CONFIRM THAT THE ISSUE**  
26 **THE POLE TRAILER HAS WAS IDENTIFIED AS THE**  
27 **SPRINGS AND TO PROVIDE ESTIMATES SHOWING THE**  
28 **COST OF REPLACING THE SPRINGS VERSUS BUYING A**

1           **NEW TRAILER**

2           L. MURRAY: Last issue. We are staying on the  
3 fleet. If we could pull up -- if we could then focus  
4 on the panel van, which is -- if we could just scroll  
5 up to the previous page. It talks about the panel  
6 van being replaced because I guess the current panel  
7 van you have is above the age threshold required and  
8 rapidly nearing the engine threshold. So I have a  
9 few questions.

10          The first question I have, and if you don't have  
11 it offhand, I can take an undertaking, is what is the  
12 age threshold for replacing a panel van? And in what  
13 year was that age threshold reached?

14          M. WEATHERBEE: I would refer you to attachment  
15 2-10 of the same IRRs for the fleet management  
16 policy. And then we can take a look at it there. So  
17 that panel van is a 2012.

18          L. MURRAY: And when is the -- what is the age -  
19 - so is currently -- like, the actual van is 2012.  
20 And what is the age threshold for replacing it?

21          M. WEATHERBEE: 10 years service life.

22          L. MURRAY: So then it would have reached its  
23 age threshold in 2022?

24          M. WEATHERBEE: That is correct.

25          L. MURRAY: If we could --

26          M. WEATHERBEE: It would have reached that one  
27 criteria in 2022.

28          L. MURRAY: If we could turn -- let's focus on

1 the other criteria, which seems to be it seems to be  
2 approaching its engine hours.

3 Are you able to, maybe in the policy, provide  
4 what is the engine hours for a panel van that is sort  
5 of the threshold, and what is the current engine  
6 hours for this old panel van.

7 M. WEATHERBEE: The engine hours would be 10,000  
8 hours per the policy, but I don't have the actual  
9 hours for that. But I could undertake that.

10 L. MURRAY: Yes, I would appreciate that. That  
11 will be undertaking J2.10.

12 **UNDERTAKING J2.10: TO ADVISE OF THE ACTUAL**  
13 **CURRENT ENGINE HOURS ON THE PANEL VAN**

14 L. MURRAY: And then if we could turn to table  
15 2-33, which shows the mileage of the various fleet  
16 vehicles, and I want to focus on 44, which is the to-  
17 be-replaced panel van. And this is just -- I don't  
18 know the answer to it, so I am just trying to figure  
19 it out.

20 A couple of the columns, 2022 and 2023, for the  
21 panel van, the mileage says "no data." Can you help  
22 me with that? What does that mean? Does it mean it  
23 wasn't driven?

24 M. WEATHERBEE: No. That would mean we -- we  
25 utilize a software called Geotab to monitor and  
26 record the mileage on those vehicles. So I am making  
27 an assumption that that data was not available for  
28 those two years for that actual van.

1 But it does continue to keep the total. So the  
2 total, we could infer that those two years would be  
3 16,000 minus --

4 L. MURRAY: The other three numbers seem to add  
5 up to about 16,000.

6 M. WEATHERBEE: Oh, do they? Okay. So -- yeah.  
7 I haven't added them up. So there was potentially no  
8 data available for those years. I could have the  
9 odometer checked on that if that is what you are  
10 looking for.

11 L. MURRAY: I am just curious as to how much --  
12 because that seems like relatively low mileage for it  
13 to be approaching its engine threshold unless there  
14 was big numbers in those years, so...

15 M. WEATHERBEE: Yeah, that is the -- that is not  
16 the engine hours. That is the kilometres that you  
17 are looking on that one.

18 L. MURRAY: I imagine there would be some  
19 correlation between how many kilometres you have  
20 driven and engine hours to some extent. I mean,  
21 obviously the more you drive, the more engine hours.

22 M. WEATHERBEE: Yeah, not necessarily.  
23 Sometimes the vehicles will -- the engine hours will  
24 -- they will idle longer than they actually drive, so  
25 engine hours are quite often higher than kilometres.  
26 And Oshawa is a very small town, so the kilometres  
27 generally stay low. It only stays within the City of  
28 Oshawa.

1 L. MURRAY: Okay. Thank you very much. Those  
2 are all my questions.

3 COMMISSIONER MORAN: Thank you, Mr. Murray. The  
4 panel has some questions.

5 Commissioner Zlahtic.

6 **CROSS-EXAMINATION BY THE COMMISSION PANEL**

7 COMMISSIONER ZLAHTIC: Good afternoon, panel. I  
8 really just have three questions. And I know we have  
9 beaten the new building to death, but I am just going  
10 to beat it some more. Just give me a second here. I  
11 am just trying to reconcile some numbers.

12 I mean, the number now on the record for the new  
13 building -- can everybody hear me okay -- is \$61  
14 million. Excluding land, it is \$48.4 million. And  
15 the A.W. Hooker report cites a number that was cited  
16 in 1-X-9 of \$36.8 million.

17 So there is a difference between the two  
18 numbers, and it is -- I don't know -- what would that  
19 difference be -- eyeballing it, about \$12 million  
20 difference. Can you explain that difference?

21 Is there a reconciliation somewhere on the  
22 record that I haven't seen or are aware of?

23 V. BENNETT: So, no, there is no reconciliation  
24 on the record, but the -- it is just noted in one of  
25 the interrogatories, the total cost is made up of  
26 three things. The missing piece besides the land and  
27 the Class B estimate that you have identified is the  
28 soft costs, so that has been estimated internally --

1 or estimated with support of our -- our owner's rep.

2 Yeah.

3 COMMISSIONER ZLAHTIC: So would you still  
4 characterize \$61 million as a Class B estimate with  
5 the inclusion of those soft costs? Or in other  
6 words, is -- is -- Ms. Bennett, how confident are you  
7 in those soft costs that you have added to the A.W.  
8 Hooker report?

9 V. BENNETT: I am just going to pass that to Ms.  
10 Tang to respond.

11 A. TANG: Yes. We will still consider it a  
12 Class B because there is still a lot of ongoing  
13 conversations to try to drive that cost down to the  
14 lowest possible price for us.

15 COMMISSIONER ZLAHTIC: I was wondering if we  
16 could turn up 1-X-12. And, in particular, what I am  
17 interested in is the revised -- or restated table 1-  
18 7.

19 So if we can pull up 1-X-12, the table I am  
20 interested in is the restated table 1-7, historic and  
21 forecast capital expenditures. There we go. That is  
22 the one. Thank you very much.

23 So am I correct to understand that this table  
24 reflects the net DSP expenditures inclusive of the  
25 new building? I just want to make sure I am  
26 interpreting the data correctly that I am looking at.

27 Or in other words, is the \$61 million in new  
28 building costs additive to the net DSP that you filed

1 with the original application?

2 V. BENNETT: So, yes, it would be incremental to  
3 the 80.8 shown there.

4 COMMISSIONER MORAN: Okay. And so what I am  
5 seeing here is for the period 2025 through the next  
6 IRM term, you're looking at capital expenditures of  
7 roughly \$80.7 million relative to 2021 to 2024 costs  
8 of 69.8?

9 V. BENNETT: So the 80.8 would just be  
10 reflective of the distribution system plan.

11 COMMISSIONER ZLAHTIC: Right.

12 V. BENNETT: There would also be the -- the 48.4  
13 million for the building. And as well, our land is  
14 in CWIP, so that would all go into service in --  
15 during this period.

16 COMMISSIONER ZLAHTIC: Okay. I am going to go  
17 all pedantic on you here. So the 80.8 does not  
18 include the 48 and change for the new building?

19 V. BENNETT: That's correct.

20 COMMISSIONER ZLAHTIC: Oh, okay. I  
21 misinterpreted the table. Okay.

22 So really what you are looking at is -- and  
23 somebody help me with the math here -- 80.8 and --  
24 what is the new building -- 48.4? God, we have three  
25 CAs up there. You guys got to -- two CAs. Sorry.

26 A. TANG: We will be looking at approximately  
27 142 million.

28 COMMISSIONER ZLAHTIC: Okay. \$142 million.

1 Okay. Thank you.

2 So this scenario, I don't think we have covered  
3 in any of the cross-examination. You know, it is a  
4 pretty significant capital budget.

5 And, Ms. Tang, what is the actual capitalization  
6 of Oshawa Power now? I know the deemed is 60/40, but  
7 do you have a sense for what the actual  
8 capitalization is?

9 A. TANG: We are at about 60 to -- 60, 61 right  
10 now.

11 COMMISSIONER ZLAHTIC: Sorry. Once again.

12 A. TANG: 60 to 61.

13 COMMISSIONER ZLAHTIC: Debt?

14 A. TANG: Yes.

15 COMMISSIONER ZLAHTIC: Okay. Okay.

16 I mean, with this amount of money to finance, do  
17 you feel confident that you will be able to raise the  
18 money that is needed to fund this plan?

19 A. TANG: I have had a lot of conversations with  
20 a number of lenders right now. I think, so far, the  
21 experience has been quite positive, and they  
22 understand why the need to -- why the need, that we  
23 need to -- we need such a building and so far has  
24 been supportive.

25 COMMISSIONER ZLAHTIC: So -- but as a result of  
26 any of this, do you potentially see a deterioration  
27 in your actual capitalization, meaning a different  
28 debt equity ratio, meaning your debt equity ratio

1 going up?

2 A. TANG: Yes, we have projected that, and our  
3 expectation is that it will go up, and it will come  
4 down eventually.

5 COMMISSIONER ZLAHTIC: Okay. I mean, will it go  
6 up to the point where it could materially impact your  
7 borrowing costs?

8 A. TANG: That, I have to do the calculation.  
9 However, so far from the -- from my conversations  
10 with the lenders, that has -- that is an acceptable  
11 numbers that we are looking at.

12 COMMISSIONER ZLAHTIC: Okay. So I think what  
13 you are telling me is you are pretty comfortable you  
14 can finance this. It won't deteriorate your debt --  
15 you know, your current debt equity ratio materially,  
16 and it won't materially impact your cost of borrowing  
17 money?

18 A. TANG: Again, there is a lot of -- there is a  
19 lot of considerations that we need through the  
20 finalization of the financing, markets rates,  
21 interest rate, et cetera.

22 But in a -- in a nutshell, the expectation is  
23 that the debt will go up, but it will come back down,  
24 from a ratio standpoint.

25 COMMISSIONER ZLAHTIC: Okay. I accept that.

26 I may have one more question. Just give me a  
27 second.

28 I have a couple questions regarding the lease of

1 the existing facility. I don't know if you want to  
2 pull up the amended lease or not. Where I found it  
3 was in SEC's compendium. Let me see what have I  
4 noted, where it is. Actually, the easy way to find  
5 it is if you pull up SEC's compendium starting at PDF  
6 page 24. There we go.

7 And when I looked at your distribution system  
8 plan, and I am not going to ask you to pull that up,  
9 it noted that the City notified Oshawa Power in 2023  
10 that the lease will not be renewed and you must  
11 vacate by 2027; is that correct?

12 A. TANG: The lease -- based on clause number 9  
13 on that amended contract, the lease will go up to May  
14 31st, 2028. And there is a -- if you can look at --  
15 if you can refer to clause number 8, the absolute  
16 termination date would be September 30 of 2028.

17 COMMISSIONER ZLAHTIC: Correct. You are quite  
18 correct.

19 But I guess what I am focused on is when were  
20 you officially given notice to vacate the building?  
21 I mean, alls I have is I read 2023, you were told you  
22 will be vacating. And I apologize I don't have the  
23 reference handy, but I was just going through my  
24 notes.

25 A. TANG: Apologies. I don't have that  
26 information.

27 J. VELLONE: To the extent it helps, I think  
28 Undertaking J1.10 sought similar information, the

1 letter from the City to Oshawa Power, I think.

2 COMMISSIONER ZLAHTIC: Sorry, Mr. Vellone. That  
3 undertaking asked when notice was given to vacate the  
4 building? That is what I am interested in. I just  
5 want to confirm it was 2023.

6 V. BENNETT: So what we are not sure of is  
7 exactly when the date was for the notice. Our  
8 understanding is there has been discussions ongoing  
9 for a while, but the official notice is what we would  
10 want to confirm in addition to what is noted here.

11 COMMISSIONER ZLAHTIC: I am really not seeking,  
12 like, a specific date like May 1, 2023.

13 V. BENNETT: Okay.

14 COMMISSIONER ZLAHTIC: I mean, 2023 is accurate.

15 J. VELLONE: So J1.10 is to provide the letter  
16 from the City regarding Oshawa Power needing to move  
17 out of their office.

18 COMMISSIONER ZLAHTIC: Okay.

19 J. VELLONE: That is what it was. So I'm...

20 COMMISSIONER ZLAHTIC: I read the 2023 date  
21 somewhere. I apologize I don't recall. But can we  
22 accept it just for the sake of moving on, that -- and  
23 if it is wrong, it is wrong.

24 J. VELLONE: I think the recital 4 says they  
25 were told first in 2015 of the document we have up in  
26 front of us. And then they got a whole bunch of  
27 extensions after that initial get-out notice.

28 COMMISSIONER ZLAHTIC: I guess what I am looking

1 for is what was the final get-out date?

2 J. VELLONE: I see.

3 COMMISSIONER ZLAHTIC: Yeah. That is the  
4 undertaking.

5 J. VELLONE: That is the letter, yeah.

6 COMMISSIONER ZLAHTIC: Okay. Apologies. Okay.  
7 Well, I am going to go under the assumption it  
8 happened in 2023. And if you will accept that, I  
9 will go on with my questioning.

10 And then this last amendment, there was a  
11 meeting of council, and that was -- when was it --  
12 February 26th, 2024. And then October 30th, 2024,  
13 this amended and restated lease agreement was -- is  
14 the date.

15 And what I notice is they have given you notice  
16 that you have to leave, and they are increasing your  
17 rent by 30 percent, effective June 1, 2026. What was  
18 the rationale for a 30 percent increase in the lease  
19 payments? It seems pretty excessive.

20 A. TANG: At the time of contract negotiation,  
21 there was an increase to the lease because the  
22 intention was to reflect closer to market rate. I  
23 think Oshawa Power has -- City of Oshawa has insisted  
24 on looking at market rate, and at that point, that  
25 was part of the negotiation.

26 COMMISSIONER ZLAHTIC: Okay. Okay. I accept  
27 that. Okay.

28 But as part of your lease, I mean, effectively

1 does this lease -- in the way you operate the  
2 building, you operate it as if it is your own?

3 Like, you are paying for everything, all the  
4 maintenance, any of the upgrades, and then you have  
5 an asset retirement obligation when it is all over  
6 that we talked about yesterday.

7 It just strikes me as odd is with all these  
8 obligations, giving notice that you have to leave,  
9 you are now in a situation where you are scrambling  
10 to get another building, and they are jacking up your  
11 lease rates.

12 I mean, it just -- and appreciate I am not being  
13 critical of Oshawa Power. It wasn't like you had a  
14 really good negotiating position because it is not  
15 like you could just walk out the front door and say,  
16 "I will just move into this building." I will be  
17 interested in seeing that document in the  
18 undertaking. Okay.

19 Anyways, well, thank you. Those were all my  
20 questions.

21 COMMISSIONER MORAN: Commissioner Dodds.

22 COMMISSIONER DODDS: Yeah, thank you.

23 If you could pull up that same table that  
24 Commissioner Zlahtic referred to right at the very  
25 beginning, table 1.7, the restated tables, the  
26 historic and forecast capital expenditures.

27 Now, just in looking at that -- this is more  
28 clarification, but when you look at capital

1 contribution, is most of that related to System  
2 Access?

3 A. GANAPATHY: That is correct with the  
4 exception of, I believe, one item if you are speaking  
5 specifically in the forecast period, 2026 to 2030.  
6 The reactive budget would have some sorts of  
7 contributions associated with it with respect to  
8 third-party-driven reactive items such as motor  
9 vehicle accidents and dig-ins that --

10 COMMISSIONER DODDS: Right. That was going to  
11 be my question. The third party relocates.

12 And then on those relocates, the capital  
13 contribution is about 28 percent; is that correct?  
14 Because it's 50 percent of the labour.

15 A. GANAPATHY: I believe it amounts to 22.6  
16 percent.

17 COMMISSIONER DODDS: Okay. Now, then the rest  
18 of them, are they -- do -- the capital contribution,  
19 are they derived by companies, buildings,  
20 subdivisions, so on, wanting to hook up to the  
21 system?

22 A. GANAPATHY: Under System Access, that is  
23 correct. And each of those would have a different  
24 mechanism. Like, the expansions would follow the  
25 OEB's methodology on how contributions can be  
26 obtained from developers.

27 COMMISSIONER DODDS: Now, do you have any  
28 flexibility and leeway in there in negotiating these

1 hook-ups or these -- what you can claim or -- claim  
2 in the way of capital contribution? Like, is there  
3 any negotiating leeway there? Is there any room  
4 whatsoever?

5 A. GANAPATHY: I do not believe so. I believe  
6 it is our obligation as per the distribution system  
7 code to adhere to the capital contribution split  
8 between the LDC and the customer, especially when it  
9 comes to System Access.

10 COMMISSIONER DODDS: Okay. So there is no  
11 unusual circumstances whatsoever.

12 So if you look at your averages for the past  
13 four years, it is about 38 percent. And going  
14 forward, you say the capital contributions are going  
15 to be about 35 percent, and so that is just based on  
16 historical and on the assumption you have no leeway?

17 A. GANAPATHY: We have no leeway. It is not  
18 based on historicals. It was more of a bottom-up  
19 approach on knowing these are the conditions that we  
20 would need to meet with respect to financial  
21 obligations, from the LDC's perspective.

22 COMMISSIONER DODDS: Okay. Yeah, thank you.

23 Just back on the building a little bit. Is --  
24 is that building that you are in now -- I guess is  
25 that a sole-source building? Are you the -- you have  
26 been the only occupants for the last whatever period  
27 of time?

28 M. WEATHERBEE: Yes. We have been the sole

1 occupants for 93 years.

2 COMMISSIONER DODDS: Okay. And then -- and  
3 there is no other tenants other than Oshawa Power?  
4 Like, no other leases there other than yours?

5 M. WEATHERBEE: I will pass that to Ms. Tang for  
6 other potential leases.

7 COMMISSIONER DODDS: But they are not  
8 substantive. You are the primary tenant, I presume?

9 A. TANG: Yes.

10 M. WEATHERBEE: That is correct.

11 A. TANG: We are the only one, yeah.

12 M. WEATHERBEE: We are the primary tenant.

13 COMMISSIONER DODDS: And, now, those lease  
14 payments, they would have gone into rates over all  
15 these years on the OM&A?

16 A. TANG: Correct.

17 COMMISSIONER DODDS: And those lease rates  
18 presumably would have paid for repair, maintenance of  
19 the building, the depreciation, and so on. So  
20 hypothetically, now that you have to leave -- like, I  
21 am going to get back to something Mr. Shepherd said  
22 yesterday about the City of Oshawa expecting  
23 dividends.

24 And the City of Oshawa then will realize the  
25 full depreciated value of that land, and then the  
26 ratepayers will pay for a new building. So isn't  
27 that quite a significant dividend for the City of  
28 Oshawa? Perhaps you can't answer. Maybe it is an

1 observation.

2 V. BENNETT: Yeah, we don't have the details on  
3 it, but what the -- when they sell it, but presumably  
4 they would -- they may make profit on the sale.

5 COMMISSIONER DODDS: So if they do, and if that  
6 is determined, could not consideration be given to  
7 lowering the cost of the building, the City should  
8 bear the cost, the taxpayer should bear the cost, not  
9 the ratepayers.

10 J. VELLONE: This is not necessarily a line of  
11 questioning that this group of witnesses have  
12 prepared for. Frankly, we would expect such a  
13 conversation during an ICM a year from now.

14 COMMISSIONER DODDS: I do appreciate that. I  
15 ask these questions because I realize there is -- a  
16 proceeding came for the ICM application with a  
17 different panel. But the answer to some of these  
18 questions will help this panel formulate the capital  
19 envelope.

20 When we come to consider your capital envelope  
21 for this one, we have to take all these ideas or  
22 these concepts into consideration. But thank you  
23 very much, that was all my questions.

24 COMMISSIONER MORAN: Thank you, Commissioner  
25 Dodds.

26 Mr. Vellone, acknowledging your comment about  
27 where some of the costs might be addressed in  
28 relation to the building, I just have a -- just a

1 follow-up question.

2 Is there any objection to having to address the  
3 following issue if and when you do bring in your ICM  
4 application? Yesterday, I think it was confirmed  
5 that you haven't estimated what the demolition cost  
6 is going to be. And, of course, we don't know if you  
7 are going to include that demolition cost as part of  
8 your ICM application.

9 But if you are going to apply for an ICM  
10 approval, and you are thinking about whether to  
11 include the demolition cost, I guess my question is  
12 are you prepared to address the question of whether  
13 that cost is for the benefit of the shareholder or  
14 for the benefit of ratepayers and whatever  
15 justification might go with your answer to that  
16 question?

17 Would that be something you would be prepared to  
18 consider?

19 V. BENNETT: So, Mr. Chair, just confirming --  
20 looking for us to confirm that we would address this  
21 question in our ICM application about whether the  
22 demolition is to our benefit or to the shareholder?

23 COMMISSIONER MORAN: Whether the cost of the  
24 demolition is to the benefit of the shareholder or to  
25 the benefit of the ratepayers.

26 V. BENNETT: Okay.

27 COMMISSIONER MORAN: And based on -- and  
28 depending on your answer, you know, your

1 justification for whatever the answer to that  
2 question would be.

3 V. BENNETT: Yes, we can include that in our  
4 application.

5 COMMISSIONER MORAN: Thanks.

6 Over the last day and today, there has been a  
7 reference to the fact that the distribution system  
8 plan is not something that we typically approve.

9 And as I understand it, the reason we don't  
10 approve a distribution system plan is that gives you  
11 the flexibility to address changes in priorities, and  
12 sometimes things have to be replaced earlier than  
13 planned, sometimes things last longer than planned.

14 Do I have that concept accurately?

15 M. WEATHERBEE: Yes, that is correct.

16 COMMISSIONER MORAN: But that is not to say that  
17 the distribution system plan is of little value in  
18 the proceeding because what you are here to ask us to  
19 approve, amongst other things, is a capital spending  
20 envelope for setting 2026 base rates which will then  
21 be subject to an IRM adjustment for the next four  
22 years.

23 And so, of course, we have to understand if that  
24 envelope is a reasonable envelope that -- for the  
25 purposes of the five years, so we do have to pay a  
26 lot of attention to what is in the distribution  
27 system plan. Do you agree with that?

28 M. WEATHERBEE: Yes, I would agree with that.

1           COMMISSIONER MORAN: Thank you. I just wanted  
2 to make sure that that important concept wasn't lost  
3 in the idea that we are not specifically approving  
4 the distribution system plan.

5           I just want to touch base for a minute or two on  
6 your approach to -- well, let me start this way: How  
7 would you characterize the -- I guess Oshawa PUC  
8 Network's view of the energy transition, the  
9 philosophy and principles that you have decided to  
10 act on in the context of the energy transition?  
11 Maybe for you, Ms. Bennett.

12          V. BENNETT: Mr. Chair, I am just pulling up the  
13 strategy and business plan because I think that will  
14 be the best reference. Let's go to Exhibit 1,  
15 attachment 1/ -- 1-2, please. And on page 6 of that  
16 document, this is where we describe some context for  
17 this strategy. And it sort of continues over the  
18 other pages. So, Mr. Chair, I will just reference  
19 these as a way to utilize some information on the  
20 record.

21          So we specifically identify economic  
22 uncertainty, as well as changes to markets. Then we  
23 get into regulatory uncertainty, something -- I think  
24 there is more, like, a rapidly evolving regulatory  
25 and policy environment that I mentioned in my opening  
26 remarks.

27          There is also the focus on ESG elements, so that  
28 is something that is also a priority for us. The

1 next one is -- the next page is more on advances in  
2 technology and cybersecurity. Yeah, so I think maybe  
3 I will end there. I think that first page, I think,  
4 encompasses our main pieces. Yeah. So -- yeah.

5 COMMISSIONER MORAN: All right. So with that  
6 introduction, then let me ask a couple questions  
7 around non-wires solutions.

8 So typically, a non-wires solution is usually a  
9 distributed energy resource of some kind. There may  
10 be other examples. But in the context of a  
11 distribution system, I mean, you have constraints in  
12 some parts of the system, and you have capacity  
13 available in other parts.

14 Would you agree that when it comes to addressing  
15 constraints, sometimes those constraints can be used  
16 through the deployment of distributed energy  
17 resources versus -- as opposed to new wires? Is that  
18 a proposition that you would accept?

19 V. BENNETT: Yes.

20 COMMISSIONER MORAN: All right. And in terms of  
21 the capacity, sometimes when you take that capacity  
22 up, you might cause constraints. There is a bit of a  
23 balancing act to when you are looking at the system  
24 as a whole; right?

25 V. BENNETT: Yeah, that is right.

26 COMMISSIONER MORAN: And, of course, we have  
27 non-wires solutions that can happen on your side of  
28 the meter or they can happen behind the meter; right?

1 V. BENNETT: Right.

2 COMMISSIONER MORAN: And you have put together a  
3 distribution system plan that has got a number of  
4 projects that you have identified.

5 How did you incorporate the deployment of  
6 distributed energy resources as perhaps alternatives  
7 to some of those projects? Is this not something  
8 that you factored into your overall planning process?

9 And I ask the question because, you know, the  
10 Minister of Energy, for example, has identified  
11 distribution energy resources as an energy priority,  
12 and, of course, has directed the Ontario Energy Board  
13 to engage in a number of processes that are intended  
14 to support the implementation of distribution energy  
15 resources that you will be familiar with because,  
16 presumably, you participated in some of those. And,  
17 of course, you have the ability to directly invest in  
18 some of those resources yourself.

19 So I am just curious about where you at this  
20 point in looking at sort of balancing out choices  
21 between directed energy resources and wire solutions?

22 V. BENNETT: So, Mr. Chair, we have -- as we  
23 explained in our non-wires solution business plan, we  
24 looked at the -- looked at the needs that could be  
25 met through non-wires solutions for this particular  
26 distribution system plan, and we did not identify any  
27 that could be replaced -- so a wires solution that  
28 could be replaced with a non-wires solution for this

1 period.

2 And that was mostly timing. We have been  
3 following the policy developments closely at the OEB  
4 and wanted to be responsive. Even if some of those -  
5 - some of the requirements don't come into force  
6 right away, we wanted to demonstrate that we are very  
7 committed to exploring those options because we do  
8 see it as an important way to reduce future  
9 infrastructure costs

10 So to answer your question, for this  
11 distribution system plan, there is no specific  
12 inclusion there, but we want to make sure we explore  
13 that fully for the next one. And that is why we have  
14 put forward the investments and opportunity -- the  
15 projects that we identified in that business plan.

16 COMMISSIONER MORAN: Okay. And in looking  
17 forward, what is your approach to refreshing the  
18 distribution system plan? Is it that it is locked in  
19 for the next five years, and that is it, or it is  
20 something that is refreshed on a different basis?

21 V. BENNETT: I will pass that one to Mr.  
22 Ganapathy.

23 A. GANAPATHY: The distribution system plan  
24 would evolve with changing environments. So our  
25 Strategic Asset Management Plan that we have put in  
26 place is there for those reactive decisionmaking.  
27 Non-wires solutions being one of them.

28 If we ever do find a viable solution for it to

1 replace a traditional solution, we would, in fact, do  
2 that with everybody's best interests in mind. So it  
3 is flexible, like you said.

4 The approval here is happening based on prudence  
5 of the need and not necessarily individual projects.  
6 And we are open to what the customers and the  
7 ratepayers are most in need of, and we would make  
8 sure to adopt those approaches to put forth the best  
9 distribution system plan that can provide them with  
10 safe and reliable power.

11 COMMISSIONER MORAN: Again, just coming back to  
12 the energy transition. So when you have a developer  
13 who is coming in with a subdivision, and you going to  
14 provide the electricity supply to that subdivision.  
15 In a situation where that supply is based on the size  
16 of the conductors, there is extra capacity available  
17 above and beyond, you know, what might be needed to  
18 provide typical kind of electric load.

19 Do you ever have any conversations with builders  
20 to say, you know, we have got extra capacity here  
21 that you can utilize if you want to build an all-  
22 electric house and include EV charges and all of  
23 that, and it is already part of the cost of what are  
24 doing?

25 Do you have that kind of conversation with  
26 developers at this point, or is that something you  
27 have continued -- I mean, and I ask the question  
28 because, you know, obviously, the more revenue you

1 get, the better it looks from -- in terms of, you  
2 know, potential rate increases when you are looking  
3 at your revenue requirement.

4 A. GANAPATHY: I can't comment on the revenue  
5 requirement aspect of it, but I can speak to the  
6 first aspect of the question. We do not specifically  
7 mention capacity availability beyond what is required  
8 to developers as it is a shared capacity between the  
9 entirety of the Oshawa service territory.

10 The projects that we are talking about where we  
11 would invest capital in order to bring infrastructure  
12 to their door are not capacity limitations. They are  
13 physical infrastructure limitations.

14 So those assets are being put in place in order  
15 to accommodate those new developments that may not  
16 have those physical assets present there. So we  
17 would make sure to bring it up to their doorstep.  
18 And with respect to what they intend to put behind  
19 the meter is, at the end of the day, the developers'  
20 and the customers' initiatives.

21 And just to reiterate, the capacity with  
22 especially how Oshawa is tied together, because it is  
23 an urban area, has interconnectivities that could  
24 help reduce capacity constraints in other areas. So  
25 it is not something we give as a definitive value up  
26 front, that this is what it is built for versus this  
27 is what you taking up.

28 COMMISSIONER MORAN: So in those situations

1 where you have brought a feeder into a development,  
2 and there is actual capacity on that feeder that  
3 isn't being utilized particularly and isn't required  
4 to offset a constraint elsewhere, perhaps, don't you  
5 have an interest in optimizing the take up of that  
6 capacity and maximizing your revenue?

7 I mean, I would have thought that would be  
8 something you would want to do. Wouldn't that  
9 involve some consideration of what is possible with -  
10 - and having the conversation with the builder about  
11 what is possible, and ultimately, perhaps, allowing  
12 the builder to build a cheaper house as a result.

13 A. GANAPATHY: We are more so an ear to listen  
14 to at that point. We are open to their ideas, we are  
15 open to their suggestions and making accommodations  
16 for things like that. We do not go out of our way to  
17 suggest a higher load just so we could make more  
18 profit.

19 COMMISSIONER MORAN: You are not interested in  
20 higher revenues is what I hear you saying.

21 A. GANAPATHY: That is not my stance. I think  
22 my purpose of when I do a distribution system plan is  
23 to ensure that there is enough capacity and  
24 infrastructure available for every customer in  
25 Oshawa, and the distribution plan that we have put  
26 forth reflects that.

27 COMMISSIONER MORAN: So, Ms. Tang, I take it  
28 from your financial perspective, you probably are

1 interested in higher revenues; right?

2 A. TANG: Of course.

3 COMMISSIONER MORAN: Yeah. So you might have a  
4 -- you might be willing to have a different  
5 conversation than perhaps Mr. Ganapathy.

6 A. TANG: Noted.

7 COMMISSIONER MORAN: Okay. Thank you.

8 And while I have you, Ms. Tang, I guess you are  
9 probably happy about the Bank of Canada news today?  
10 They are reducing the -- so probably the prime  
11 lending rate, so that probably helps some of your  
12 financial planning going forward?

13 A. TANG: Certainly.

14 COMMISSIONER MORAN: Yeah, fair enough.

15 Thank you. Those are all my questions. And at  
16 this point, I think we will take a break -- sorry.

17 J. VELLONE: I will allow you. I have two items  
18 for redirect.

19 COMMISSIONER MORAN: Oh, okay. Well, why don't  
20 we get that out of the way, and then we can let the  
21 witness panel clear their heads from capital matters  
22 and shift into the next topic.

23 **REDIRECT BY J. VELLONE**

24 J. VELLONE: Thank you.

25 Can we pull up Exhibit 4, table 4-40. And while  
26 we are doing that, witnesses, this was in respect of  
27 an exchange that you had yesterday with Mr. Shepherd  
28 where he was asking questions about -- at a

1 generalized level about the shared services between  
2 Oshawa Power and its affiliates.

3 And the exchange in question -- I think it was  
4 you, Ms. Tang had with Mr. Shepherd can be found at  
5 pages 70 and 71 of yesterday's transcript. We don't  
6 need to pull that up.

7 But the question I think Mr. Shepherd asked you  
8 was, in effect, are all of the services that Oshawa  
9 PUC Networks provides to its affiliates cost-based?  
10 And I think your answer to that was "yes."

11 So I just wanted to pull this table up and put  
12 it in front of you because we didn't have a chance to  
13 actually go to these tables during that exchange  
14 yesterday.

15 And as I am looking down the table, I only see  
16 four items that are market-based. They are down  
17 towards the bottom. Two of them jumped out at me,  
18 joint-use pole rental and duct fibre optic rental.

19 Are those -- are those services that Oshawa PUC  
20 Networks Inc. provides to one of its affiliates?

21 A. TANG: Can you give me a second?

22 J. VELLONE: Yeah, please.

23 A. TANG: Yes, these are the -- these are the  
24 services that the LDC get paid for.

25 J. VELLONE: Yeah. And I just want to confirm  
26 that for those two items, joint-use pole rental and  
27 duct fiber optic rental, those are, in fact, market-  
28 based pricing methodologies? Just what it says in

1 the table?

2 A. TANG: If I could point you to a letter from  
3 Oshawa Power dated October 10 in relation to the  
4 motion, in Appendix A, we explain how these market  
5 rates were derived.

6 J. VELLONE: Okay. So I think you're -- I just  
7 want to make sure my friend Mr. Shepherd wasn't left  
8 with an incorrect conclusion from his exchange  
9 yesterday, and I think I have achieved that.

10 The only other thing I want to ask on redirect  
11 is to pull up the Consumers Council compendium at  
12 page 69 and 70. This is, I guess, an interrogatory  
13 that was filed in Burlington Hydro's rate  
14 application, so not in our rate application. So I  
15 hadn't seen it until it showed up in the compendium.  
16 And I just wanted to ask a couple of questions of the  
17 witnesses about this.

18 Do we -- do you know if Burlington Hydro is  
19 doing their pole reinforcement program itself in-  
20 house, or did they outsource it to a vendor, or how  
21 are they doing it?

22 M. WEATHERBEE: We are not aware of how they do  
23 that.

24 J. VELLONE: Is that right? We don't know if  
25 they are outsourcing it?

26 A. GANAPATHY: Just from my review of their  
27 evidence, they are outsourcing.

28 J. VELLONE: And did you consider using the

1 similar vendor for your poles?

2 A. GANAPATHY: No. Especially because, like I  
3 pointed out earlier, Mr. Vellone, the poles that we  
4 are targeting are high impact poles that have 13 kV  
5 and 44 kV infrastructure.

6 And the specifications or the eligibility  
7 criteria for pole reinforcements that the contractor  
8 that Burlington Hydro has outsourced to specifically  
9 mention that these are not meant for poles that  
10 cannot handle the load that it is on or will have,  
11 which is part of why our overhead rebuild programs  
12 will not qualify for it.

13 So just from an overview of their eligibility  
14 criteria, along with some other items that they have  
15 mentioned within it, the category of poles that we  
16 have classified under this DSP needing replacement  
17 will not qualify for it.

18 J. VELLONE: Thank you.

19 That is the end of my redirect, Commissioner  
20 Moran.

21 COMMISSIONER MORAN: Thank you, Mr. Vellone. We  
22 will adjourn until 3:45.

23 --- Recess taken at 3:35 p.m.

24 --- Upon resuming at 3:54 p.m.

25 COMMISSIONER MORAN: Thank you. Please be  
26 seated.

27 All right. I think you are up first, Mr.  
28 Shepherd, for the next phase.

1 J. SHEPHERD: Oh, joy. Just as a time check,  
2 Mr. Chairman, I have about two hours -- well,  
3 actually, I have about eight hours, but I have two  
4 hours that I am allowed.

5 COMMISSIONER MORAN: So an hour and a half, you  
6 said?

7 J. SHEPHERD: So how long do you want me to go  
8 today? When do you want me to stop?

9 COMMISSIONER MORAN: So right now we are  
10 scheduled to go until 5:30.

11 J. SHEPHERD: Oh, yeah. Okay.

12 COMMISSIONER MORAN: Hopefully our court  
13 reporter is able to stay until then. And I was going  
14 to do this at the end, but I was going to canvass  
15 starting at 9:00 tomorrow just so that we maximize  
16 opportunity to complete everything that we need to  
17 complete by end of day tomorrow.

18 J. SHEPHERD: So I should find an appropriate  
19 time to stop around 5:30 --

20 COMMISSIONER MORAN: Yeah.

21 J. SHEPHERD: -- or finish by then if I can.

22 COMMISSIONER ZLAHTIC: Pending extra innings.

23 COMMISSIONER MORAN: So while we are on the  
24 topic, how do people feel about a 9:00 start, or do  
25 you want to think about it? Yes? We'll be ready to  
26 go?

27 J. VELLONE: The only thing we don't know is --  
28 I just contacted Ms. Galli to make sure she can be

1 here at 9:00.

2 COMMISSIONER MORAN: Yeah, we may not reach her  
3 by 9:00 anyway because there is going to be a few  
4 other people with questions after Mr. Shepherd, but -  
5 -

6 J. VELLONE: But subject to that, I think we are  
7 fine with an early start.

8 COMMISSIONER MORAN: All right. Okay. Seeing  
9 nodding heads everywhere, we will start tomorrow at  
10 9:00, and we will send out a revised schedule on that  
11 basis and do our best to be finished by 5:30.

12 J. SHEPHERD: The second thing is, Mr. Chairman,  
13 I have a compendium. I understand that you are being  
14 provided with hard copies, and none of the rest of us  
15 have hard copies.

16 COMMISSIONER MORAN: No. We --

17 J. SHEPHERD: Oh, you don't get them either?

18 COMMISSIONER MORAN: We don't need a hard copy  
19 either. We have electronic versions.

20 J. SHEPHERD: Okay. And so that has been  
21 circulated to everybody. I should get a number for  
22 it.

23 L. MURRAY: SEC compendium volume 2 will be  
24 Exhibit K2.6.

25 **EXHIBIT K2.6: SEC COMPENDIUM VOLUME 2**

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

27 J. SHEPHERD: And I want to start -- and I know  
28 you are sick of this discussion, but I will try to

1 make it brief. You have had a further discussion  
2 about what business transformation means with Mr.  
3 Garner today, and so I just want to take you to page  
4 13 of our materials.

5 This is 1-X-7. And in this, the company  
6 answers:

7 "The organization has undergone significant  
8 structural change at the leadership level to  
9 adapt and modernize in Ontario's evolving  
10 energy sector. Such evolution required  
11 leadership change at the management level."

12 [As read]

13 I take it that is -- you wouldn't necessarily  
14 call that business transformation, but you do have  
15 this modernization plan, if you would like, which is  
16 in the business plan and in the strategic plan;  
17 right?

18 V. BENNETT: Yes, that is correct.

19 J. SHEPHERD: And so you're -- internally you  
20 are using business transformation as the IT  
21 component, but the broader plan is the modernization  
22 plan; right?

23 V. BENNETT: Yeah, our strategy and business  
24 plan, what is described in those.

25 J. SHEPHERD: All right. In the -- and part of  
26 that was bringing in a bunch of new people?

27 V. BENNETT: I think it was -- there was some  
28 specific terminology. It was, I think -- if I can

1 just turn to it, it was -- let me just check.

2 J. SHEPHERD: It is on the screen, I think.

3 V. BENNETT: I was just looking for how we  
4 described it in the business plan. I think it was  
5 workforce optimization. I am just going to confirm.

6 J. SHEPHERD: Well, no. This is a -- sorry.  
7 This is a required leadership change at the  
8 management level. That is what I am referring to.  
9 You had to have a new management team in order to  
10 modernize the utility; right?

11 V. BENNETT: As I mentioned in my opening  
12 remarks, the organization did establish this new team  
13 with this renewed focus on transforming the business.

14 J. SHEPHERD: The other thing I want to ask  
15 about that is in this response, if you take a look at  
16 the next page, page 14, you see under C that the --  
17 you say the savings and benefits from all this stuff  
18 you are doing. You are asking for a lot of money;  
19 right?

20 Those savings and benefits are in the strategic  
21 documents, that is the business plan and the  
22 strategy; that is right?

23 V. BENNETT: Specifically in the business plan,  
24 we have measures of success, so that is how we are  
25 measuring whether we achieve the goals outlined or  
26 not.

27 J. SHEPHERD: And there is nowhere else that you  
28 have, for the benefit of the Commissioners, an

1 analysis of the specific dollars that you are going  
2 to save from these investments in modernization;  
3 right?

4 M. YACKOUB: If you are referring to the  
5 business transformation plan largely about  
6 technology, no, we haven't put specific dollars at  
7 this time, partly because -- or mostly because a  
8 large part of the business transformation plan is  
9 doing the analysis, and we haven't done the business  
10 process analysis yet, so we can't put dollars to it  
11 at this point.

12 J. SHEPHERD: Okay. So that wasn't my question,  
13 though. My question was, the modernization plan, the  
14 bigger -- the broader plan, you are asking for a 35  
15 percent rate increase, and so I am asking, is there  
16 somewhere in your evidence that you say, yes,  
17 ratepayers, you are going to invest this additional  
18 35 percent every year, but here is the payoff. Here  
19 is how much you are going to get back. Here is how  
20 your rates are going to be improved because of that.  
21 Is that anywhere?

22 V. BENNETT: No.

23 J. SHEPHERD: Okay. Thank you.

24 I want to talk about the overall size of the  
25 OM&A increases, well, just because, and so I wonder  
26 if you could turn to page 15 of our materials. And  
27 this is your Appendix 2-JA, and this is the most  
28 recent one. Do you recognize this as the most recent

1 one that was filed with the settlement agreement?

2 A. TANG: Yes.

3 J. SHEPHERD: And one of the things that I note  
4 is that operation and maintenance spending -- that is  
5 your tool-in-hand people really, the field people and  
6 stuff like that -- increased from 2021 actual, what  
7 it cost you in that year to serve the customers, to  
8 your proposed year by 26 percent.

9 But your sort of non-tool-in-hand people, your  
10 office people, if you like, increased from 2021 to  
11 2026. I think you will see that by 75.8 percent.

12 And that is as a result of your transformation;  
13 right -- or your -- your modernization? Sorry. That  
14 is as a result of your modernization? Your  
15 modernization causes that to happen? Yes?

16 V. BENNETT: So, no, I wouldn't say these are --  
17 these are the costs required to implement our  
18 strategy and the benefits that we will get out of the  
19 strategy that are -- and the business plan, which are  
20 identified in Exhibit 1. These are the costs of the  
21 resources that we need in the OM&A budget to do that.

22 J. SHEPHERD: I understand that that is your  
23 position. I guess I -- more -- it is a little bit  
24 surprising that -- that you're not increasing your  
25 spending on the actual distribution system that  
26 delivers for the customers, but you are spending a  
27 lot more on the back office stuff, management, and IT  
28 and all that stuff. It just seems surprising that

1 there would be such a difference.

2 And I am wondering, have you given any -- have  
3 you looked at whether that is -- that is on pace with  
4 the rest of the industry, or are you leading, or are  
5 you following?

6 V. BENNETT: So what I would highlight is we did  
7 carefully plan what we needed for the business,  
8 bottom up, to figure out what we needed. And  
9 particularly with staff, we did hire an expert  
10 consultant to look into this because we knew it was  
11 important to get it right.

12 There is an interrogatory response that I would  
13 like to refer you to. Let me just pull it up. So it  
14 is 4-X-114 in Exhibit 4. So in this interrogatory,  
15 we explain that -- why there are the OM&A expenses  
16 increasing. There is inflation, market  
17 uncertainties, increased costs, including related to  
18 labour.

19 And in the bullets below, we identify the  
20 proactive approach we took towards cost reduction.  
21 So we identify outsourcing and strategic contracting  
22 specifically. We also identify asset management and  
23 maintenance.

24 And then on this page, I will just note that the  
25 last bullet should be -- should have been to the  
26 left, but staffing optimization, which is the study  
27 that I mentioned. So we did consider these factors  
28 in developing our budget.

1 J. SHEPHERD: Okay. So that is not responsive  
2 to my question. My question was about the ratio of  
3 G&A to OM&A and how you relate to other LDCs.

4 Do you have a higher ratio -- you have three  
5 times as much G&A as you have OM&A in your proposed  
6 budget, and that is way up from the last time. And I  
7 am wondering, did you look at other LDCs and see what  
8 is their ratio?

9 V. BENNETT: We haven't undertaken that  
10 benchmarking.

11 J. SHEPHERD: Why not?

12 V. BENNETT: Because we were focused on what we  
13 need to do, the work identified in our strategic  
14 plan. Our structure was very lean, and that included  
15 a lot of the positions that we are now proposing.  
16 And so we looked at what we needed, we got expert  
17 advice, and that is how we reached our proposal. And  
18 that did increase the "A" side versus the "OM" side  
19 of OM&A.

20 J. SHEPHERD: Normally when you make big changes  
21 to an organization, one of the things you do on a  
22 regular basis is sanity checks. You look, and you  
23 say, okay, we are doing this. These are the results  
24 or these are the consequences of doing this. Does  
25 that make sense?

26 And then you look to objective factors to see  
27 whether it does. But except for Ms. Galli, it  
28 doesn't sound like you did any of that; right? It

1 was all bottom up? There is no sanity check at any  
2 time?

3 V. BENNETT: We did do sanity checks on our  
4 overall OM&A budget per customer. Those are the  
5 benchmarks we provided in Exhibit 1 in addition to  
6 reviewing the total cost benchmarking. But  
7 specifically for OM&A, we leveraged those benchmarks  
8 and did compare ourselves to other LDCs, as shown as  
9 Exhibit 1. And our OM&A costs were lower than  
10 theirs.

11 J. SHEPHERD: But your increasing emphasis on  
12 G&A is -- because you are not the only utility that  
13 is spending more on back office and not as much on  
14 the unionized people, but yours is way out of range  
15 for everything else we have seen in other utilities.

16 So I am wondering why at some point somebody  
17 didn't look and say, what are other utilities doing?  
18 Are they doing this differently than we are?

19 V. BENNETT: Again, our analysis was focused on  
20 the OM&A budget in total. We did not examine the  
21 details of the administrative costs of other  
22 utilities.

23 J. SHEPHERD: Okay. Ms. Tang, in your opening  
24 statement, you talked about formulaic calculations of  
25 OM&A. Do you recall that?

26 A. TANG: Yes.

27 J. SHEPHERD: And you said, well, if you are  
28 going to do that, here is a different way it should

1 be done in our case; right?

2 A. TANG: I did not -- "different way" as in  
3 some of the adjustments that I highlighted should be  
4 considered.

5 J. SHEPHERD: Yes.

6 A. TANG: Yes.

7 J. SHEPHERD: Okay. Did you do that  
8 calculation?

9 A. TANG: Yes, I did.

10 J. SHEPHERD: And is it on the record?

11 A. TANG: It is not.

12 J. SHEPHERD: Can we have it?

13 A. TANG: Yes.

14 L. MURRAY: That will be undertaking J2.11.

15 **UNDERTAKING J2.11: TO PROVIDE MS. TANG'S**  
16 **CALCULATION OF OM&A**

17 J. SHEPHERD: Now, I wonder if you could then go  
18 to page 16 of our materials. And this is a table.  
19 It is actually from your 2-JA, the most recent one,  
20 and then is -- was very helpfully by your staff, Ms.  
21 Bennett or somebody in your office, updating it and  
22 adding some columns so that it was easier to use.

23 And I just want to ask you a few questions about  
24 that. You have seen this before; right?

25 V. BENNETT: Can we just get the page reference  
26 from your materials? I got 60 but that --

27 J. SHEPHERD: 16.

28 V. BENNETT: 16, apologies.

1 J. SHEPHERD: 1-6.

2 V. BENNETT: Got it.

3 J. SHEPHERD: It is on the screen.

4 A. TANG: Yes, we have seen it.

5 J. SHEPHERD: Yes. All right. So this is a --  
6 this is your cost drivers and what it does is it  
7 accumulates them over the five-year period and  
8 calculates the percentage increase and gives us your  
9 2021 OEB-approved and your proposed budget at either  
10 side so you can see what you got from what to what.

11 And it is pretty clear from this -- there is two  
12 lines that are basically people; right? Subcontract  
13 services and labour and benefits net of allocations,  
14 those are your people costs; right? Primarily.

15 A. TANG: Correct.

16 J. SHEPHERD: Okay. And I look at that, and I  
17 see your people costs went up by \$6.2 million over  
18 that five-year period. It is a 69 percent increase  
19 from your 2021 actual. And so that is the biggest  
20 area of concern for rates; right? Because,  
21 obviously, that goes dollar for dollar into our  
22 bills; true?

23 A. TANG: Yes. Those two are the biggest  
24 drivers in this table.

25 J. SHEPHERD: And it is not really -- I am going  
26 to suggest that it is not really fair to do them  
27 separately because one of the things you did over the  
28 five-year period is make some subcontracting

1 decisions that shifted some things from one line to  
2 another line; right?

3 A. TANG: If I could direct you to Interrogatory  
4 4-112, part A, we highlighted some of the additional  
5 reasons why subcontractors' costs were the way they  
6 were.

7 So it is in -- so in addition to some of the  
8 shifts that you mentioned, there were also additional  
9 cost drivers that were out of our control, for  
10 example, property maintenance, security patrol, and -  
11 - or are costs incurred to safeguard our assets such  
12 as security patrol.

13 J. SHEPHERD: That is useful, but I -- that is  
14 getting more down into weeds than I was just yet. I  
15 am going to come back to 112 in a few minutes.

16 But at this point, it is fair to put the two  
17 lines together and say these two lines represent a  
18 package of costs that are for people; right? That is  
19 a fair way of looking at it?

20 A. TANG: I would agree to that.

21 J. SHEPHERD: Okay. The second biggest area  
22 that I see is in software and hardware fees; right?  
23 And software and hardware is going up, like, 355  
24 percent from your 2021 actuals. And you provided  
25 details of why that is, all the various components  
26 that go into that.

27 But can you at a -- sort of a 30,000-foot level  
28 explain what is happening that is causing software

1 and hardware to be that much more expensive to have  
2 such a big increase?

3 M. YACKOUB: Sure. At a high level, I can  
4 provide an explanation. So in 2021, actuals for  
5 software and -- sorry, for -- actually, let me just  
6 go to the page, and I will break it down first. Give  
7 me one second, please.

8 I turned it off. We did break down the IT  
9 costs, which shows a line item for software and --  
10 line items for software and hardware in IRR table 4-  
11 42. That is on page 64 of the interrogatories for  
12 Exhibit 4.

13 J. SHEPHERD: Yes.

14 M. YACKOUB: So you referring to those two line  
15 items; correct?

16 J. SHEPHERD: Well, I was actually referring to  
17 the line item "software and hardware fees."

18 M. YACKOUB: Right, which is made up of this.

19 J. SHEPHERD: Oh, those -- I see. That is the  
20 two there?

21 M. YACKOUB: Yeah.

22 J. SHEPHERD: Okay. Well, that doesn't match --  
23 I don't think it matches the numbers on 2-JB. 2-JB  
24 says, in 2021, on software and hardware fees -- oh,  
25 no, okay. These are deltas. Never mind.

26 M. YACKOUB: Yeah. Puts and takes.

27 J. SHEPHERD: Go ahead. Go ahead.

28 M. YACKOUB: So this is a bit of a clearer

1 picture because it shows the --

2 J. SHEPHERD: Okay.

3 M. YACKOUB: -- absolute numbers, right.

4 J. SHEPHERD: Yeah. But I am looking at a  
5 higher level to find out has something happened to  
6 cause this particular category of expenses to balloon  
7 so much?

8 M. YACKOUB: Yeah. So the -- those two line  
9 items, so about 400,000 of that increase is not  
10 actually an increase, it is just movement from other  
11 groups. Examples of that are the GIS was moved from  
12 the metering department over into the software. So I  
13 mentioned that in my opening remarks --

14 J. SHEPHERD: Yes.

15 M. YACKOUB: -- that we consolidated a lot of  
16 spend. The meters, the licensing for the smart  
17 meters was moved over, the financial software was  
18 moved over, and CIS. Those would be the big ones  
19 that were consolidated. So that's --

20 J. SHEPHERD: And they were -- sorry. They were  
21 moved in 2021 or at various times?

22 M. YACKOUB: I can give you exact, but at  
23 various times.

24 J. SHEPHERD: Various times, okay.

25 M. YACKOUB: So the GIS was moved in '21, I  
26 believe, to '22. The metering, I believe, was '23,  
27 CIS would have been '25, and so on. So at a --

28 J. SHEPHERD: Okay. So --

1 M. YACKOUB: -- high level, about 400-or-so  
2 thousand was that.

3 So if you take the movement of the software, and  
4 you take the original amount, and you add inflation,  
5 you get to about 1.3 million. And the 2026 amount is  
6 about 1.9 million. So we are really talking about a  
7 delta of 550 or something like that.

8 J. SHEPHERD: Yes.

9 M. YACKOUB: So that is what we are talking  
10 about. So about -- so some of that, as I said in my  
11 opening statement, was cybersecurity spend.

12 You know, there are different ways to categorize  
13 the software, so we have other tables that may not  
14 reflect these same numbers because they are not  
15 mutually exclusive categories.

16 J. SHEPHERD: Of course.

17 M. YACKOUB: But I would say that about 180 to  
18 200,000 is specifically for the OEB cybersecurity  
19 program. About 60,000 or so is subscription  
20 licensing that used to be capital licensing, so think  
21 something like Office 365 where we used to purchase  
22 the licenses and now we have moved over to  
23 subscription. About 150 --

24 J. SHEPHERD: And, sorry, let me stop you. And  
25 on things like that, some of them, you don't move  
26 over to subscription because you think it is a better  
27 deal. You move over because that is what Microsoft  
28 has decided, they are going to go that route; right?

1 M. YACKOUB: Yeah, I spoke about there is a  
2 general industry shift -- I think Adobe started it --  
3 to move towards subscription-based licensing as  
4 opposed to purchasing licensing outright. So in the  
5 former, it would have been a capital purchase; and in  
6 the latter, it is now operating cost.

7 J. SHEPHERD: It is a -- the term is "annual  
8 recurring revenue" for the software companies; right?

9 M. YACKOUB: I think so, yes.

10 J. SHEPHERD: Yes.

11 M. YACKOUB: About 150,000 of that increase is  
12 new software that is necessary to do business.  
13 Example would be the engineering analysis software  
14 and the new customer portal with the Green Button  
15 capabilities.

16 And so, really, when you subtract all of that,  
17 and the automation platform, which is about 50,000 a  
18 year, the total increase is actually about \$100,000.

19 J. SHEPHERD: Okay. All right. Okay. Then let  
20 me turn to bad debt, which is the third largest  
21 increase. Let me just -- on the software and  
22 hardware maintenance costs, those fees, they are --  
23 we will see that \$400,000 that has been shifted from  
24 other departments in reductions in those other  
25 departments; right? So some of these other costs  
26 actually increased a higher percentage because there  
27 was that offset; right?

28 M. YACKOUB: You would see the change, yes. I

1 am not sure if they would have increased.

2 J. SHEPHERD: Okay.

3 M. YACKOUB: So if you -- I can give you a  
4 couple examples if you would like. 4-128, the IRR on  
5 page 46, and table 4-33. So in 2021 actuals under  
6 "other," you will see a negative 216 there. That was  
7 the GIS and OMS licensing from the previous GIS and  
8 OMS software.

9 And you will see under "licences," so the last  
10 row in 2023 actuals, it goes from 73,466 to zero.  
11 Those would be two examples of the metering licenses  
12 and the OMS GIS licenses. So, yes, it is reflected  
13 in the other groups.

14 J. SHEPHERD: So really, the increase in meter  
15 reading and data management is actually higher than  
16 reported because you reallocated the licenses to IT;  
17 right?

18 M. YACKOUB: In this case, there was actually a  
19 movement of a position from a different department  
20 into the metering department. So there is a lot of  
21 movement as we cleaned up our budgets, but the  
22 manager of metering was under operations -- I think  
23 it was operations' budget, and that was moved into  
24 this.

25 So there is a lot of movement, but, yes, the  
26 movement does affect the differences. It is not at  
27 face value.

28 J. SHEPHERD: That suggests -- and I don't know

1 whether this is for you, Mr. Yackoub, or somebody  
2 else on your panel, maybe Ms. Tang.

3 That suggests that -- because there is lots of  
4 movements where you decide to account for things  
5 differently, particularly if you are rethinking how  
6 you are doing things at the utility.

7 You are also rethinking how you manage them;  
8 right? And where you put stuff, where you allocate  
9 people and things like that.

10 And that suggests to me, and tell me whether  
11 this is correct, that if the Commissioners are  
12 looking at your OM&A, it is not really helpful for  
13 them to look on a line-by-line basis because there is  
14 going to be adjustments in there that they don't even  
15 know about; right?

16 M. YACKOUB: So --

17 J. SHEPHERD: That will change the numbers?

18 M. YACKOUB: Yeah, under the variances in the  
19 application, we did give explanations for the changes  
20 in budget on a line-by-line item -- or sorry -- a  
21 program-by-program basis.

22 J. SHEPHERD: Understood.

23 M. YACKOUB: There are explanations to be able  
24 to follow a lot of this.

25 J. SHEPHERD: Understood. But it is going to be  
26 very difficult to follow that because it is not in  
27 these charts; right? Your standard charts of what --  
28 of, you know, comparing your last approval to this

1 one don't show those; right? So going line by line  
2 is difficult. You have to go at a higher level;  
3 fair?

4 M. YACKOUB: I think there are explanations for  
5 going line by line, so you could do both, I would  
6 suggest.

7 J. SHEPHERD: Okay. All right.

8 I want to ask a little bit about bad debt  
9 because bad debt goes from -- from 455,000 to  
10 3,388,000, and that -- sorry -- is that right? No.  
11 To 1.2 million.

12 And that seems like a lot when you have a  
13 concerted effort to get rid of your bad debt, to  
14 reduce it, that it seems to be going in the wrong  
15 direction. So can somebody help me with that.

16 M. YACKOUB: Yeah, I can -- I can give you a  
17 couple of data points to tell the story a little bit.

18 If we go to Exhibit 4, page 49 of figure 4-11.  
19 So this is a chart showing annual write-offs, and we  
20 have adjusted these numbers for inflation.

21 J. SHEPHERD: Yes.

22 M. YACKOUB: And just on a high level, you can  
23 see that the write-offs have been rising, it looks  
24 like, exponentially. So that would be data point 1.

25 Let me go to data point 2, which is, if you go  
26 to, in the IRR 4, figure 4-2. And sorry to make you  
27 jump around like this. Figure 4-2.

28 You can see that this is accounts receivable

1 from billing only, not the other miscellaneous  
2 accounts receivable. Also, especially after the  
3 COVID years, it seems to be rising exponentially.

4 And then I will take you to IRR page 103, if you  
5 can jump to that page. Figure 4-3, if you would like  
6 to look it up that way. So you can see the year-  
7 over-year trend, and if you go down on that page,  
8 these are collections that we have recovered at the  
9 door.

10 So this means we have -- customers have gone  
11 through the arrears process, and we have sent  
12 notices, and we have collected this money at the door  
13 either before or after disconnections.

14 So you can see in recent years, to your point,  
15 Mr. Shepherd, that we have ramped up the effort to  
16 get bad debt under control. It had been rising  
17 pretty well, as you could see from those charts,  
18 exponentially.

19 And our aim is to actually just flatten that  
20 curve, and you can see that we are starting to do  
21 that with the chart just above this bar graph.

22 And so, yes, it has gotten worse, but we have  
23 been getting it under control, and that is why in the  
24 cost of service application, we are projecting it to  
25 stay fairly flat as opposed to continuing the  
26 exponential trend that you are seeing in these  
27 charts.

28 J. SHEPHERD: Sorry. I think you are -- you are

1 projecting a 20 percent increase in bad debt in the  
2 test year, aren't you?

3 M. YACKOUB: 20 percent over what? Can you just  
4 point me to that?

5 J. SHEPHERD: Over the previous year. Just if  
6 you look at the column on Appendix 2-JB for 2026, you  
7 see there is a 200,000 increase forecast in bad debts  
8 for 2026; right? And that is 200,000, which takes  
9 you to 1.2 million. So that is a 20 percent  
10 increase.

11 M. YACKOUB: So you are comparing 2026 against  
12 2025?

13 J. SHEPHERD: Well, you said you are flattening  
14 the curve. That doesn't sound like flattening. It  
15 sounds like a 20 percent increase.

16 M. YACKOUB: Just for clarity, are you saying  
17 the 20 percent increase is '26 over '25?

18 J. SHEPHERD: Yes.

19 M. YACKOUB: Yeah, so we -- sorry. Excuse me.

20 Yeah, so 2025 was what we predicted before we  
21 had the 2024 actuals. So 2025, you will note, is  
22 much lower than the trend that we were talking about;  
23 right?

24 J. SHEPHERD: Sorry? Help me with that.

25 M. YACKOUB: Do you want me to repeat it? Did  
26 you not hear or --

27 J. SHEPHERD: I did not understand what you were  
28 saying.

1 M. YACKOUB: So I said 2025 was \$1 million.

2 J. SHEPHERD: Yes.

3 M. YACKOUB: We actually forecast that before we  
4 had the 2024 actuals. So when comparing '26 to '25,  
5 it does look like a 20 percent increase, but that is  
6 why I brought up the curve that shows multiple years,  
7 because you can see the trend. In other words, 2025  
8 was lower.

9 J. SHEPHERD: So 2025, which isn't finished yet;  
10 right? So you actually don't know the number for  
11 2025; right?

12 M. YACKOUB: Not the final number, no.

13 J. SHEPHERD: No.

14 And so -- and this is not bad debt. This is --  
15 this is a table of AR greater than 30 days; right?  
16 Is this a bad debt table?

17 M. YACKOUB: Which table are you referring to?

18 J. SHEPHERD: The one that is on the screen that  
19 you showed --

20 M. YACKOUB: The chart? Are you referring to  
21 the chart on the screen?

22 J. SHEPHERD: Yeah.

23 M. YACKOUB: Oh, figure 4-3, yes, is AR greater  
24 than 30.

25 J. SHEPHERD: So that is not bad debt?

26 M. YACKOUB: It is not exactly bad debt, that is  
27 right.

28 J. SHEPHERD: Well, how are -- okay. I am

1 confused. I didn't think that -- are you saying that  
2 all of your accounts receivable that are more than 30  
3 days are classed as bad debt and are charged to the -  
4 - to OM&A?

5 M. YACKOUB: No. The provision -- well, maybe I  
6 will refer to Ms. Tang to talk about how we come up  
7 with the bad debt for this.

8 A. TANG: For sure. Mr. Shepherd, so to walk  
9 you through bad debt calculation, we actually based  
10 it on historical ECL percentages for each of the  
11 bucket. So I think what Mr. Yackoub was trying to  
12 paint -- explain the rationale for the numbers going  
13 up or down.

14 J. SHEPHERD: Okay. So I am sorry. This is a  
15 chart for -- for an annual chart; right? Which shows  
16 the pattern for each year; right? Correct?

17 M. YACKOUB: Yes. Figure 4-3 shows the past '22  
18 to '25 with projected '25.

19 J. SHEPHERD: And the projected '25 is actually  
20 better than -- than prior years, except for -- I  
21 don't know what that -- I can't tell -- that is '24 -  
22 - except for '24. But you don't actually know what  
23 that number is going to be because it hasn't happened  
24 yet?

25 M. YACKOUB: The final number in '25, that is  
26 correct, we don't have the final '25 number.

27 J. SHEPHERD: And for the part of the year that  
28 has happened, '25 was worse than the other years;

1 right? Or has -- am I understanding that correctly?

2 M. YACKOUB: The starting value of '25? Is that  
3 what you mean?

4 J. SHEPHERD: Well, January, February, March,  
5 April, and May were all worse than the prior years.

6 M. YACKOUB: That is right. So the chart for  
7 the -- the previous chart in figure 4-2, I mean, this  
8 is the years broken out, so maybe it is a little more  
9 difficult to read.

10 If we go back to figure 4-2 in this IR, it  
11 perhaps shows it a little bit better, where the  
12 number has been increasing, the AR has been  
13 increasing year over year. And at the end, you can  
14 see it, we are trying to flatten it.

15 J. SHEPHERD: Okay. So this is -- these are  
16 quarterly numbers, I assume? That looks like it is  
17 quarterly numbers. Is it? Or no. Maybe that's the  
18 --

19 M. YACKOUB: The resolution, I believe, is  
20 monthly.

21 J. SHEPHERD: But that only goes until 2024;  
22 right?

23 M. YACKOUB: That is right. That is when we --  
24 that was a restating of when we submitted the  
25 application.

26 J. SHEPHERD: So how does us -- how does that  
27 help us understand the impact you have on your bad  
28 debt in '25 and in 2026? This isn't even a bad debt

1 calculation.

2 M. YACKOUB: So the bad debt calculation is  
3 based on the AR over '30.

4 J. SHEPHERD: All right.

5 I have a couple of other questions on 2-JB that  
6 I just wanted to understand things. In -- if you see  
7 the line "labour and benefits net of allocations," in  
8 the 2021 actuals, you have a reduction of \$1.1  
9 million from what was Board approved for that year,  
10 and I assume that that is outsourcing; is that right  
11 primarily?

12 A. TANG: Mr. Shepherd, if you can turn to  
13 Exhibit 4, interrogatory 159, page 114 of the  
14 document, we provided a table explaining.

15 And you are correct, part of that -- part of  
16 that drop relates to subcontractor costs. It is the  
17 next table.

18 J. SHEPHERD: Okay. So that labour and benefits  
19 line is you just didn't have as many people as you  
20 had authorized; right? In fact, if you -- I think on  
21 the next page, you actually have a table of the FTEs.  
22 The Board said you can have 50 O&M people, and you  
23 only had 38.

24 V. BENNETT: That is right, Mr. Shepherd. At  
25 the beginning of this interrogatory response, so if  
26 we just go back to page 113, we explain this was also  
27 linked to the turnover interrogatory where we had 25  
28 percent turnover in the 2021 year. So this was an

1 approach to manage the business given that loss of  
2 employees.

3 J. SHEPHERD: You still collected for 50 people  
4 in your rates; you just didn't have 50 people? You  
5 had 38?

6 V. BENNETT: Well, we collected the envelope  
7 that was established in the cost of service  
8 proceeding. I don't have the wording in the  
9 settlement proposal in front of me, but it referred  
10 to an overall amount, and we had to manage given the  
11 constraints we had in that year.

12 J. SHEPHERD: Well, okay.

13 Can you go to page 47 of our materials. So the  
14 Board actually approved OM&A funding for 91 FTEs in  
15 the last rate case; right? But you never actually  
16 got to 91; true?

17 And you explain that in the response to this  
18 interrogatory by saying, well, what we had was an  
19 envelope, and we could spend it anyway we like, and  
20 as long as we delivered the results for our customers  
21 -- and that is true. That is the rules. You get an  
22 envelope, and you spend it whatever way you like.

23 So I take it, then, given this answer that you  
24 would agree that this panel of the Board should also  
25 just give you an envelope and not worry about how you  
26 are going to spend it because whatever you say in  
27 this application, you are not going to do it, just  
28 like last time; isn't that right?

1 V. BENNETT: No, that is not correct. As we  
2 have discussed, we have a new senior management team  
3 that has a strategy and business plan. What we will  
4 do is manage the business according to the needs of  
5 the business.

6 And I would highlight that we manage the  
7 business in -- and this is the response to  
8 interrogatory 4-X-161. Yeah, that is right.

9 And so Oshawa Power needs to make its spending  
10 decisions to serve its customers and meet its  
11 regulatory requirements, and it did just that, even  
12 though it was not able to attract and retain staff  
13 during that year, as demonstrated by our turnover  
14 numbers that we have provided.

15 J. SHEPHERD: All right.

16 Another question I want to ask you about 2-JB  
17 is, if you look at 2024, you see on the labour and  
18 benefits line -- you see a -- sorry. This is at page  
19 16 of our materials. There you go.

20 You'll see in 2024, there is a 2 million -- \$2.1  
21 million increase in labour and benefits. It is  
22 actually a 24 percent increase. That is because you  
23 brought in new leadership; right? You bought -- you  
24 hired a bunch of people, including some relatively  
25 expensive senior executives; right?

26 V. BENNETT: So 2024 would have had some impact  
27 from having a full year of compensation from the new  
28 senior management team that was established in 2023.

1 But it also included other hiring that got us up to -  
2 - let me just -- I am just going to grab the actual  
3 change in FTE.

4 Okay. So if we turn to Exhibit 4, page 97. So  
5 what I am bringing you to is the variance analysis to  
6 do with our workforce planning. And so if we go down  
7 here, we explain -- we provide a variance analysis,  
8 so in addition to having those new senior management  
9 roles, we had a number of other positions that were -  
10 - that changed in this period.

11 So there was O&M staff, so the operations  
12 coordinator, a new technical services technician, a  
13 creation of a new management distribution design and  
14 system planning roles, as well as --

15 J. SHEPHERD: I'm looking. I don't see that on  
16 the screen.

17 V. BENNETT: Oh, sorry. Just scroll down.

18 And there are other roles here as well. So  
19 there was a decrease in FTEs associated with the  
20 customer service outsourcing, but then there were  
21 some other changes and creation of one more executive  
22 position, which was the director of regulatory and  
23 commercial affairs as well as a reorg within the  
24 finance department. Addition of an additional  
25 project manager.

26 J. SHEPHERD: Okay. You are talking about all  
27 these additional people, but you didn't actually add  
28 any FTEs; right?

1 V. BENNETT: If we just go back to the last  
2 table, the change in FTEs was minimal in that year.

3 J. SHEPHERD: It was actually down; right?

4 V. BENNETT: Yeah. And this is -- this speaks a  
5 little bit to the difference between FTEs and roles.  
6 So we did create these new roles, but there were --  
7 they were created partway through the year, so you  
8 don't see the recognition of their full FTE value.

9 J. SHEPHERD: I am not sure I understand how  
10 that helps anybody understand why. If you didn't  
11 increase the number of people -- in fact, you  
12 decreased the number of people -- your compensation  
13 went up \$2 million.

14 V. BENNETT: Well, we actually changes the  
15 roles, right, because we -- the customer service  
16 representative roles were eliminated, but these other  
17 roles were created. And they weren't necessarily at  
18 the same pay bands, so that has an impact.

19 J. SHEPHERD: Well, actually, the customer  
20 service roles were eliminated earlier, weren't they?  
21 It wasn't in 2024?

22 V. BENNETT: I believe it was at the beginning  
23 of 2024.

24 J. SHEPHERD: Was it?

25 V. BENNETT: Yeah.

26 J. SHEPHERD: Okay.

27 V. BENNETT: The other thing that I would  
28 mention is that in 2024, we were working to aligning

1 our compensation to benchmarks provided by Korn  
2 Ferry, which is a study we did in 2023. And so there  
3 was also adjustments to compensation that would have  
4 been reflected in that line as well.

5 J. SHEPHERD: So lots of people got paid more  
6 money. I mean, 24 percent with no more people seems  
7 like a lot.

8 V. BENNETT: So as I said, we were bringing this  
9 up to the P50 of industry standards. And so  
10 especially with the turnover -- because with these  
11 new roles, they were brought in at industry standards  
12 because that is what we needed to attract and retain  
13 staff.

14 J. SHEPHERD: All right. And, now, if you go  
15 back to 2-JB, to page 16 of our materials, you see  
16 that now you are proposing another 15 percent  
17 increase in your labour and benefits net of  
18 allocations in the test year. Now, that is not  
19 because you are giving everybody big rate increases -  
20 - pay increases, it is because you are actually  
21 adding 17; right?

22 V. BENNETT: That is correct. It is more linked  
23 to the new positions.

24 J. SHEPHERD: Okay. So two big increases,  
25 different reasons?

26 V. BENNETT: This one is more related to new  
27 FTEs, yes.

28 J. SHEPHERD: Yeah, okay. I want to talk about

1 what the cost drivers -- the underlying reasons for  
2 the cost drivers. I want you to go to page 23 of our  
3 materials.

4 So much easier when I have paper.

5 And this -- do you recognize this table?

6 A. TANG: Yes.

7 J. SHEPHERD: Did you prepare it, Ms. Tang?

8 A. TANG: Our team prepared this.

9 J. SHEPHERD: All right. And so your labour and  
10 benefits, actually -- you have it as 8,405, but  
11 actually in 2021, it was actually 8 million; right?

12 A. TANG: Can you refer me to the 8 million?

13 J. SHEPHERD: Yeah. It is 9.1 minus 1.1.

14 Because you shifted out. We just saw it on 2-JB. I  
15 got 8 million and 15 as the actual for 2021 for  
16 labour and benefits.

17 A. TANG: That sounds correct.

18 J. SHEPHERD: Okay. So this inflation  
19 calculation is based on board approved, but you never  
20 actually spent that; right? So you can't inflate  
21 costs that you didn't incur; right?

22 A. TANG: Mr. Shepherd, can you repeat your  
23 question?

24 J. SHEPHERD: Yes, sure. The 2,350,000 for  
25 inflationary increases, that is not correct, is it,  
26 because, in fact, your cost drivers -- sorry, your  
27 labour and benefits were actually a lot lower.

28 So you can't inflate -- you had 2,350,000 of

1 inflationary increases in labour and benefits, but  
2 that is assuming that you were spending 9.1 million  
3 on labour and benefits, which you weren't.

4 I will ask you this a different way. You did a  
5 calculation; right? This calculation for inflation,  
6 you did it. Can you file that, please?

7 A. TANG: Yes.

8 L. MURRAY: That will be undertaking J2.12.

9 **UNDERTAKING J2.12: TO PROVIDE MS. TANG'S**  
10 **INFLATION CALCULATION**

11 J. SHEPHERD: All right. See, the reason I ask  
12 this is because the increase in your labour and  
13 benefits, which you are saying was \$4.3 million, I  
14 actually got 5.473 million from actuals.

15 A. TANG: Just to confirm, Mr. Shepherd, you  
16 calculated the difference between 2026 test year and  
17 2021 actual?

18 J. SHEPHERD: Yeah.

19 A. TANG: Okay.

20 J. SHEPHERD: And that is about 5.5 million;  
21 right?

22 A. TANG: Yes.

23 J. SHEPHERD: Okay. And the inflation would  
24 have been smaller because, of course, the starting  
25 point was smaller. I calculate that the real  
26 increase in your labour and benefits cost, real --  
27 that is, after inflation -- is about \$3.7 million.  
28 Am I in the ballpark? We don't need precision here.

1 A. TANG: Ballpark, sounds right.

2 J. SHEPHERD: Sorry?

3 A. TANG: Ballpark, I agree.

4 J. SHEPHERD: Okay.

5 A. TANG: Yeah.

6 J. SHEPHERD: And so I calculate that as a 46  
7 percent rate increase. You don't need to calculate  
8 that. But what I am more interested in is, is it  
9 fair to conclude that the biggest component of that  
10 increase is executives and management? The  
11 organization became more top heavy. Is that right?

12 A. TANG: I would disagree top heavy. But I  
13 just want to reinforce the reason why the labour and  
14 benefits increase was because from -- we look at the  
15 organization and review who needs to be in what seat,  
16 and we build that from that perspective.

17 J. SHEPHERD: So you are saying you have good  
18 reason to go in the direction you went, but what I --  
19 the characterization that I suggested isn't  
20 incorrect, is it? You have more management and you  
21 have more executives?

22 A. TANG: Factually, you are correct. The  
23 number of executives went from four to seven.

24 J. SHEPHERD: I actually thought it went from  
25 five to nine, but okay.

26 V. BENNETT: So there were three executives in  
27 corporate, which is probably the line item you are  
28 referring to. There are two administrative

1 assistants.

2 J. SHEPHERD: Okay.

3 V. BENNETT: And they are not executives.

4 J. SHEPHERD: Oh, okay. I wonder if you could  
5 turn to page 17 of our materials. So this is your  
6 Appendix 2-K. You are familiar with that?

7 V. BENNETT: Yes.

8 J. SHEPHERD: And it shows -- for example, it  
9 shows that your -- you were approved for a certain  
10 number of people in 2021, and you never achieved  
11 that. But now in 2026, you are planning to achieve  
12 that. Finally. But I am more interested in some of  
13 the breakdowns of that.

14 And you have helpfully provided a breakdown of  
15 that at page 32 of our materials. And this is the --  
16 this is the -- sort of the more granular view of the  
17 FTEs on the 2-K; right?

18 V. BENNETT: Yeah. These are representing mid-  
19 year FTEs. I would like to refer you to -- just we  
20 have a version of this table that shows the end of  
21 year FTEs that is a little bit more representative.

22 J. SHEPHERD: I am going to get to that in just  
23 a second.

24 V. BENNETT: Okay. Okay. I just wanted to  
25 highlight that using 2021 actuals that was the only  
26 year that we underspent our OM&A budget. And so it  
27 was very unusual. We highlighted why it is unusual.  
28 And so we are happy to look at it, but it was a very

1 unusual year and not representative of how we  
2 operated for the rest of the period.

3 J. SHEPHERD: Understood. I am just -- I want  
4 to -- I want to just understand a bit. I am going to  
5 talk about the difference in the end of year stuff in  
6 a second. But this is the mid-year stuff, so this is  
7 June 30th; right? This is your forecast for June  
8 30th of each year?

9 V. BENNETT: So how it worked is we took the end  
10 of year number from the year, so let's say it is  
11 2021, and the end of year of the year prior. So it  
12 was an estimate because we did not have a June 30th  
13 number for --

14 J. SHEPHERD: Oh, so this is like rate base?  
15 You did it like rate base?

16 V. BENNETT: What do you mean?

17 J. SHEPHERD: Beginning of year, end of year,  
18 divide by 2.

19 V. BENNETT: Yeah, and that was actually  
20 provided in as a -- in Appendix 2-L as how to  
21 calculate mid-year if --

22 J. SHEPHERD: That is fine.

23 V. BENNETT: -- was an option.

24 J. SHEPHERD: That is fine. But I guess so what  
25 we see is, in O&M, you were funded for 50. You never  
26 got there. In fact, you got as low as 37 in one  
27 year. In customer service, you were funded for 19.8,  
28 and it just went steadily down. That is because you

1 outsourced it; right?

2 V. BENNETT: Yes. That is a reflection of the  
3 outsourcing.

4 J. SHEPHERD: Then in A&G, you were funded for  
5 21.6 people, but you ramped it up immediately, and  
6 now you almost at double; right?

7 V. BENNETT: Sorry. I didn't follow. Double of  
8 what?

9 J. SHEPHERD: Double what you had the last time  
10 around. You had 21.6, and now this shows, in the  
11 test year, 40. Right, almost double?

12 V. BENNETT: Yes.

13 J. SHEPHERD: And if you go to the next page,  
14 which is the year end one that you wanted to refer to  
15 -- not that one, the next one. Maybe it is -- page  
16 34, yes.

17 This is the one you were talking about, right,  
18 the year end.

19 V. BENNETT: That is right, yes.

20 J. SHEPHERD: Okay. And that shows that, in  
21 fact, you are hiring a bunch more people in 2026;  
22 right?

23 V. BENNETT: Yes.

24 J. SHEPHERD: And that is 9.1 people in O&M, so  
25 you will finally get back to the 50 people actually  
26 working on the distribution system that you had  
27 funded in 2021. You are adding a couple of customer  
28 service people, and you are adding another 6.3 to --

1 A. True?

2 V. BENNETT: Oh, the 6.3 you are referring to is  
3 the 36.9 to get to 43.2 for administrative?

4 J. SHEPHERD: Yep.

5 V. BENNETT: Yes.

6 J. SHEPHERD: And let me understand this: The  
7 corporate line, which I thought was the executives,  
8 is actually two staff members, and the rest are  
9 executives.

10 V. BENNETT: That is correct.

11 J. SHEPHERD: It goes from five to nine, but  
12 should we assume that that is actually three to  
13 seven?

14 V. BENNETT: So the --

15 J. SHEPHERD: In terms of executives.

16 V. BENNETT: So I was just checking because we  
17 have a similar table like this, and I just needed to  
18 confirm. So in 2021, that included moving the  
19 director of HR was included in the 5.0. I previously  
20 thought they were in HR, so just confirming they were  
21 in that.

22 So that would have been four executives in 2021  
23 OEB approved. And that get us to -- and then we have  
24 seven executives starting in 2024, and still the case  
25 in 2026.

26 J. SHEPHERD: Okay. I notice -- and just while  
27 you are talking about that -- that the OEB approved  
28 was five in corporate, but your actuals were eight.

1 And then you went back to five in 2022. What was  
2 that all about?

3 V. BENNETT: So in 2021 actuals, there were some  
4 roles that were marketing and communications-related,  
5 and they were in 2021 actuals in corporate, but then  
6 were later moved out to the comms department. So it  
7 was, I think, just reorganizing where people were  
8 sitting.

9 J. SHEPHERD: That is the two people in comms  
10 that we see in 2022?

11 V. BENNETT: I will just see. Just a second. I  
12 have a note on the specific roles. Okay. So just to  
13 clarify, in -- sorry, in 2021 test year, there was an  
14 executive assistant, CEO, VP of engineering, and  
15 there was one of these communication staff manager of  
16 sustainability.

17 And then in 2021 actuals, there were the four  
18 roles I mentioned plus a VP finance, a marketing and  
19 comms analyst, and a marketing analyst.

20 J. SHEPHERD: That is only seven.

21 V. BENNETT: And then the director of -- the  
22 director of HR. And I am just hesitating around that  
23 because another table I had earlier had the HR person  
24 there, but it was a director of HR, so that would be  
25 the additional person.

26 J. SHEPHERD: So the explanation of this early  
27 stuff is that there were people moving from one  
28 department to another on paper. Although they

1 weren't changing their roles, they were moving from  
2 one department to another. And we will see that  
3 throughout this; right? There is some of that going  
4 on often; right?

5 V. BENNETT: There was organizing into the  
6 specific departments. So, yes, that was going on in  
7 2021.

8 J. SHEPHERD: This is similar to what Mr.  
9 Yackoub was talking about earlier with adjusting who  
10 -- where things are allocated. In this case, it is  
11 people?

12 V. BENNETT: That is correct.

13 J. SHEPHERD: Okay. So -- but I still want to  
14 ask you about finance and regulatory because that is  
15 the one that is a little bit the most surprising.

16 You had -- let's say look at the actuals, 7.9  
17 actual people in 2021, and that is going up to 15.6  
18 despite the fact that many of your finance and  
19 regulatory things have been increasingly automated  
20 over that period.

21 So I am not sure I understand why you need so  
22 many more people. I mean, you can go through the  
23 various jobs. I get that. But I am asking at a  
24 higher level, like, if 7.9 people could do it, and  
25 now they have all this additional software, why does  
26 it take now 15.6 people?

27 V. BENNETT: So a few different things. First  
28 off, the focus on automation has not necessarily

1 removed roles. I would say -- and I can speak about  
2 the development of the regulatory department. There  
3 is more work now to do, and that was part of the  
4 decision to split out regulatory, which contributes  
5 to this. But --

6 J. SHEPHERD: Okay. Let me just stop you right  
7 there. So, sorry, if automation wasn't to reduce the  
8 number of people you needed, then how does it --  
9 where is the pay back?

10 M. YACKOUB: Can I just refer you to comments  
11 that we made yesterday and in general throughout the  
12 application is that -- just to go back up to the high  
13 level.

14 The problem at the company in general is not  
15 enough capacity. So we are adding capacity through  
16 hiring where we have to and then through automation  
17 to increase capacity.

18 So your question is how are you adding  
19 automation and adding people? And the answer is we  
20 are adding capacity through both people and  
21 automation, but we are still low on capacity, and we  
22 are trying to get up to a level where we can meet our  
23 needs.

24 J. SHEPHERD: So if you weren't automating all  
25 this stuff -- and I am not disagreeing, you should  
26 automate all this stuff. Absolutely. But if you  
27 weren't doing it, you would have a whole lot more  
28 people that you would need; right?

1 M. YACKOUB: Yes, definitely.

2 J. SHEPHERD: Okay. Thanks.

3 M. YACKOUB: That is the purpose -- as we were  
4 saying, that is the purpose of this is we are trying  
5 to minimizing the number of FTEs we have to add.

6 J. SHEPHERD: Okay. Sorry. Go on.

7 V. BENNETT: I was just going to answer that the  
8 staffing complement, and I will speak again to  
9 regulatory, was one person in 2021. So there was  
10 just one manager of regulatory in 2021, and that is  
11 not sufficient to meet the evolving regulatory  
12 environment that we have.

13 J. SHEPHERD: And how many is it now?

14 V. BENNETT: Now it is a team of five.

15 J. SHEPHERD: Okay. The other one that strikes  
16 me here is IT operations. You had 2.4 people,  
17 actually, in 2021, and you are forecasting 10.3 in  
18 2026. And that is the biggest percentage increase  
19 anywhere in your table.

20 And I have never -- I have not seen that big an  
21 increase in any other LDC, so I am wondering did you  
22 look at other LDCs, see what sort of level they  
23 needed, you know, in your other cohort 2 ones, for  
24 example, or your similar sized ones? Did you look at  
25 that?

26 M. YACKOUB: So I did say in my opening remarks,  
27 yes, we evaluate -- so I don't have anything formal,  
28 but we speak with industry peers all the time, and

1 this is bringing us up to levels comparable with  
2 them. So that would be just on that point --

3 J. SHEPHERD: Sorry. You don't have any  
4 evidence of that. You just -- anecdotally, you think  
5 that is true?

6 M. YACKOUB: So I have spoken with other  
7 utilities, yes, but I don't have written evidence,  
8 yes.

9 So where I was going to go with that is you are  
10 making the assumption that we were at the right  
11 levels in '21 and that we are inflating. And we are  
12 saying, no, it is actually the opposite. We were  
13 very understaffed, and now we are bringing it to the  
14 right levels.

15 So the evidence that we have presented that  
16 supports that is, on the high level, the staffing --  
17 the resource optimization plan that shows that we  
18 were -- we are, in fact, lean relative to other  
19 utilities. Not in this particular department, but it  
20 supports it from the high level.

21 J. SHEPHERD: Well, sorry, she didn't say you  
22 didn't have enough IT people?

23 M. YACKOUB: Not specifically. But --

24 J. SHEPHERD: But you --

25 M. YACKOUB: -- I am saying on the  
26 organizational level, that study says that we were  
27 quite lean relative to other utilities.

28 J. SHEPHERD: And so even though she didn't say

1 you don't have enough IT people, you conclude from  
2 that that you should triple your IT department?

3 M. YACKOUB: No. I was going to make a couple  
4 of points that corroborated it.

5 So another point that supports this is the  
6 evidence that I cited in my initial remarks of how  
7 many systems were out of date that we were just  
8 behind on.

9 And so those two things combined, I think, are  
10 pretty compelling that if we can't even replace  
11 switches that are out of support or servers that are  
12 end of life, representing a significant cybersecurity  
13 risk, then we are understaffed.

14 J. SHEPHERD: All right. I wonder if you would  
15 go to page 41 of our materials. Actually, I think we  
16 have done that. Maybe at page 43.

17 Now, this -- this is a very helpful table you  
18 prepared that tells us who you were paying what  
19 through all the various periods historically. And  
20 these are not per person; right? So some of these  
21 numbers will be affected by how many FTEs you had  
22 each year; right?

23 V. BENNETT: Yes, that is correct.

24 J. SHEPHERD: And some of it will be the  
25 compensation levels you were paying or the roles you  
26 had people in; right?

27 V. BENNETT: Yes.

28 J. SHEPHERD: Okay. I am going to try to tease

1 that out.

2 So I want to start with executive salaries  
3 because that is the sort of most surprising  
4 component, I think, where, according to your  
5 evidence, I think, your average FTEs in 2021 were 5.5  
6 in executive.

7 I think that is right, isn't it? I don't have a  
8 reference, or I would give it to you. And it is now  
9 forecast to be 8.9 in 2026 for executives.

10 V. BENNETT: For executives. So as you  
11 mentioned before, there were the four executives in  
12 2021.

13 J. SHEPHERD: Okay.

14 V. BENNETT: And then what was the second part  
15 of your question?

16 J. SHEPHERD: And in 2026, is it 7?

17 V. BENNETT: In 2026, it is 7.

18 J. SHEPHERD: So then with that data, we can  
19 calculate the cost per executive, the compensation  
20 per executive?

21 V. BENNETT: Yes.

22 J. SHEPHERD: Okay.

23 V. BENNETT: Sorry. And keeping in mind that  
24 the executives have different ranges, but on average,  
25 you could do the average.

26 J. SHEPHERD: Okay. And what we see here is  
27 there is a line for salary, and the salaries have  
28 gone up by more than a million dollars for the

1 executives, a 79 percent increase.

2 And there is a line for incentives which has  
3 gone up from the actuals by almost 200 percent. Now,  
4 that is because you have increased the emphasis on  
5 incentive compensation; right?

6 V. BENNETT: We conducted the Korn Ferry  
7 benchmarking study, which provided specific findings  
8 around executive compensation. I am going to take  
9 you to that, and the redacted version of this is  
10 fine. So...

11 J. SHEPHERD: You are going to get to the answer  
12 to my question at some point?

13 V. BENNETT: I was going to -- I think -- why  
14 don't you restate your question to make sure --

15 J. SHEPHERD: The question is you -- you  
16 increased the emphasis for -- at least for  
17 executives, actually for other categories as well, on  
18 incentive compensation?

19 V. BENNETT: We aligned our compensation with  
20 industry standards, which include incentives, and so  
21 --

22 J. SHEPHERD: Sorry. But you had incentives  
23 already. We can see you had them in 2021.

24 V. BENNETT: But the level of the incentive is  
25 what I am referring to.

26 J. SHEPHERD: So you increased the incentives?

27 V. BENNETT: Yes.

28 J. SHEPHERD: Thank you.

1 Go ahead. Go ahead.

2 V. BENNETT: Sorry. Did you say, "when"?

3 J. SHEPHERD: No. I said, "Go ahead."

4 V. BENNETT: Oh, "Go ahead."

5 So I just would like to highlight this is in  
6 Exhibit 4 interrogatories. This is attachment 4-5.  
7 And by way of introduction, this is the benchmarking  
8 analysis that was comparing the -- was looking at a  
9 snapshot of GTA and Ontario employers.

10 J. SHEPHERD: Not just -- not just utilities.  
11 This was lots of employers; right?

12 V. BENNETT: It was broader than that, yes.

13 J. SHEPHERD: Yeah.

14 V. BENNETT: So keep going to page 7, please.  
15 So it is just the bullet at the bottom of the table.

16 So here it identified in 2023 that average base  
17 salaries are seen to be aligned for the lower levels  
18 but were lagging for the higher levels in  
19 compensation compared to market. And this is total -  
20 - I think this is total -- oh, no. Sorry. This is  
21 base -- base compensation.

22 J. SHEPHERD: Sorry. We were talking about  
23 incentives.

24 V. BENNETT: Yeah, no, my apologies. Just a  
25 second.

26 So this is -- this is addressed in the next  
27 slide, but that section is redacted.

28 J. SHEPHERD: Okay.

1           But I take it Korn Ferry recommended that -- I  
2 haven't actually read this unredacted. But I take  
3 it, because I have seen others of their studies, that  
4 they recommend that you increase incentive  
5 compensation and a load of eight people to do a  
6 better job?

7           V. BENNETT: Yeah, again, we are following  
8 industry standards here and focusing on the P50 level  
9 so that we can attract and retain staff.

10          J. SHEPHERD: The table that we are looking at,  
11 the 4-60, the one on page 43 of our materials, is --  
12 also has a line for benefits, and the benefits for  
13 executives haven't increased any more than salaries  
14 have because the benefit plan is the same; right? So  
15 it tends to be a pretty predictable percentage of  
16 salary?

17          A. TANG: For the executive line, yes. But I  
18 wanted to point to there have been increases. There  
19 are -- there were -- there have been other benefits  
20 that we have also tried to offer to our staff to --  
21 for the same purpose, to retain and attract talent,  
22 and hence you will see a different growth number for  
23 the other lines.

24          J. SHEPHERD: We will get to them.

25          So then management salaries, you have an  
26 executive team, which is seven; right?

27          V. BENNETT: That is correct.

28          J. SHEPHERD: And then you have management,

1 which is sort of the director-level roles in most  
2 cases, manager and director-level?

3 V. BENNETT: Manager and director-level, that is  
4 correct.

5 J. SHEPHERD: Okay. And you went from -- can  
6 you tell me how many FTEs you had in the management -  
7 - in this management category in 2021 and 2026?  
8 Because, again, it is not broken out.

9 V. BENNETT: We provided this in response to a  
10 clarification question.

11 J. SHEPHERD: Oh, did you? Oh.

12 V. BENNETT: And the clarification question was  
13 from AMPCO, but the Excel is a standalone file. It  
14 should be called something like "2K update."

15 J. SHEPHERD: Well, this is the -- the pre-ADR  
16 2K?

17 V. BENNETT: That is right.

18 J. SHEPHERD: Okay.

19 So I saw the non-Union and Union break-out there  
20 of FTEs. I didn't see the management and executive,  
21 but maybe I missed it.

22 V. BENNETT: Yeah, if we can pull up that -- it  
23 is available in --

24 J. SHEPHERD: That is okay.

25 V. BENNETT: Then it is okay? Okay.

26 J. SHEPHERD: Yeah.

27 All right. And you will agree that management  
28 compensation has also increased dramatically, but the

1 biggest increase appears to be non-Union  
2 compensation, and that -- that appears to be because  
3 you added a lot of FTEs in that area, from 13 to 42;  
4 is that fair?

5 V. BENNETT: Yes, that is fair.

6 J. SHEPHERD: Whereas the Union wages haven't  
7 gone up that much, but that is because the FTEs have  
8 gone from 44 down to 39, again, from that pre-ADR  
9 response?

10 V. BENNETT: Yeah, that is right. There are  
11 fewer unionized staff.

12 J. SHEPHERD: But you have increased their  
13 compensation. You just renegotiated; right?

14 V. BENNETT: That is correct.

15 J. SHEPHERD: Okay.

16 I want to ask you about -- just briefly about  
17 turnover because you have talked about turnover quite  
18 a lot.

19 And if you go to page 30 of our materials, you  
20 see your response to a question, 1-X -- 4-X-139. And  
21 this shows the chart, the turnover chart that you  
22 referred us to earlier; right?

23 V. BENNETT: Yes, that is correct.

24 J. SHEPHERD: But the next page is the next two  
25 years, '25 and '26; 5 percent in '25 and 8 percent in  
26 '26. That actually sounds low relative to the rest  
27 of the industry. Can you help me with that?

28 V. BENNETT: So the forecast turnover rates are

1 a result of our HR strategy that we outlined in  
2 Exhibit 4 where we are doing things like bringing  
3 compensation up to industry standards as well as  
4 offering learning opportunities and enhancing our --  
5 our -- what we are able to offer our staff, and we  
6 forecast that that will assist in decreasing  
7 turnover.

8 J. SHEPHERD: Okay. So can the -- can the Board  
9 look at this and say, basically, problem solved?

10 V. BENNETT: No. As I highlighted, in 2024, as  
11 a result of us starting to implement this new  
12 strategy, we had our return on equity decrease  
13 significantly, and folks are still doing a lot of  
14 overtime due to lack of staff. So we still very much  
15 need the increases proposed for 2026.

16 J. SHEPHERD: Well, but you don't need those  
17 increases because of turnover. Because you have  
18 solved the turnover problem with better compensation;  
19 right?

20 V. BENNETT: These turnover values for 2025 and  
21 -- well, not '25, but '26 take into account the  
22 increase that we are expecting. For '25, we are --  
23 that is the bridge year, so that is just going to  
24 result in a lower return on equity in 2025 as we  
25 invest in our people.

26 J. SHEPHERD: Sorry. Help me understand. You  
27 have a 5 percent turnover rate in 2025, and as a  
28 result, you will a lower ROE? I don't see the

1 connection.

2 V. BENNETT: Well, it is because we brought up  
3 our compensation levels to reflect industry  
4 standards. And we have done this before the test  
5 year, which means that we are paying for it. The  
6 shareholder is paying for it. It is not in rates,  
7 those increased values. You can actually see that  
8 when you look at 2-K.

9 J. SHEPHERD: Which is fine, but that means that  
10 going forward, you have got the right compensation  
11 levels. Assuming you are correct, you have solved  
12 the problem. You don't need more people for that.  
13 You have solved the problem.

14 V. BENNETT: Again, these turnover rates are  
15 based on receiving our proposed ask, and that  
16 includes the compensation, so the cost. And that  
17 will allow us to pay industry rates, but also have  
18 the right people and structure to not have -- like,  
19 to avoid burnout and the turnover that results from  
20 it.

21 J. SHEPHERD: Your 5 percent rate in 2025 does  
22 not include the additional people.

23 V. BENNETT: It includes some people that we  
24 have already hired that were recommended in the  
25 resource optimization review.

26 J. SHEPHERD: In 2025, you still have less  
27 people than you were approved for in 2021?

28 V. BENNETT: We were approved for an envelope,

1 Mr. Shepherd. And so we -- what we have as the basis  
2 for 2025 is the structure that -- as based on the  
3 recommendations of the resource optimization review.

4 We received a number of recommendations, and we  
5 got hiring some of those positions straight away.  
6 And so those are already included in the bridge year  
7 before the test year increases that we have proposed.

8 J. SHEPHERD: All right. I was going to ask you  
9 a bunch of questions about outsourcing strategy, but  
10 I -- it is now 20 after 5:00, and I am going to skip  
11 that.

12 I do want to ask you, though, about the  
13 Lakefront deal. You go to page 77 of our materials.  
14 Now, this is schedule A to the agreement between your  
15 affiliate and Lakefront; right?

16 V. BENNETT: That is correct.

17 J. SHEPHERD: This lists the services that the  
18 affiliate, not the utility, the affiliate is going to  
19 provide to Lakefront; right?

20 M. WEATHERBEE: Yes, that is correct.

21 J. SHEPHERD: And I am looking at that, and I am  
22 saying, these are utility services. This is utility  
23 people doing this. This is capital construction of a  
24 utility -- of an LDC. Operation and maintenance  
25 oversight, field staff and contractor coordination,  
26 health and safety oversight -- this is all utility  
27 stuff.

28 How is your affiliate going to do that? I can

1 understand the LDC doing that. You have the  
2 expertise. How is the affiliate going to do that?

3 M. WEATHERBEE: The affiliate is doing that.

4 J. SHEPHERD: How?

5 M. WEATHERBEE: With the resources that are a  
6 shared service to them.

7 J. SHEPHERD: So it is with utility people;  
8 right? LDC people are going do the work, but the  
9 affiliate -- and then you are going to charge the  
10 affiliate for that; right?

11 M. WEATHERBEE: The affiliate would be a cost  
12 allocation; correct.

13 J. SHEPHERD: Okay. So all these additional  
14 people you need, how many additional people are you  
15 adding in 2026 to do this contract?

16 M. WEATHERBEE: Zero to this contract --

17 J. SHEPHERD: I thought your people were all too  
18 busy? Ms. Bennett just said everybody is working too  
19 hard, and there is burnout, and you are going to have  
20 them do all this for another utility?

21 M. WEATHERBEE: This is part of our  
22 collaboration with Lakefront Utilities.

23 J. SHEPHERD: I understand that. I just don't  
24 understand how you can do it. Where do the people  
25 get the time if they are already working too hard?

26 M. WEATHERBEE: This is an extremely small  
27 number of staff that are doing this. And it is just  
28 leadership oversight. It is not -- if you read the

1 services that we are providing, Mr. Shepherd, it is  
2 capital construction oversight, operations and  
3 maintenance oversight, overall field subcontractor  
4 planning. These aren't trades workers conducting  
5 these services.

6 J. SHEPHERD: No, I understand that. This is,  
7 in fact, all the modernization stuff that cost you so  
8 much money in the past; right?

9 M. WEATHERBEE: No.

10 J. SHEPHERD: It looks like it to me.

11 M. WEATHERBEE: I don't understand that  
12 question.

13 J. SHEPHERD: Well, you modernized Oshawa Power,  
14 and it cost a lot of money. And Lakefront is saying,  
15 hey, can you help us do it? That is what this  
16 appears to be to me. And so that should cost a lot  
17 of money.

18 M. WEATHERBEE: Lakefront was facing challenges  
19 with staffing.

20 J. SHEPHERD: I know.

21 M. WEATHERBEE: And they have a collaboration  
22 and understanding with Oshawa Power, as we have very  
23 similar utilities, and they asked us to assist them  
24 in their time of need.

25 J. SHEPHERD: All right. The affiliate that is  
26 providing these services with your personnel, that  
27 affiliate is marking up the cost; right?

28 M. WEATHERBEE: There is a 10 percent

1 administrative fee on top of the services. So, yes.

2 J. SHEPHERD: So what is the profit to the  
3 affiliate for doing this?

4 M. WEATHERBEE: There is -- Ms. Tang?

5 A. TANG: Mr. Shepherd, first of all, for the  
6 LDC staff that will be shared, they will be allocated  
7 based on their time at -- under fully allocated cost,  
8 which includes direct cost as well as all the  
9 indirect costs that will be -- that we will apply on  
10 top of that. There is no markup that will be applied  
11 --

12 J. SHEPHERD: And then the --

13 A. TANG: -- by the -- by the affiliates.

14 J. SHEPHERD: And then the affiliate is charging  
15 Lakefront exactly that same amount?

16 A. TANG: As Mr. --

17 J. SHEPHERD: Or are they marking it up?

18 A. TANG: As Mr. Weatherbee mentioned, there is  
19 a 10 percent admin charge on that.

20 J. SHEPHERD: Okay. So how much is the  
21 affiliate making from your people?

22 A. TANG: I do not have that quantified number  
23 of the 10 percent.

24 J. SHEPHERD: Can you undertake to advise what  
25 the affiliate is going to make on that contract?

26 A. TANG: Yes.

27 L. MURRAY: That will be undertaking J2.13.

28 J. VELLONE: Which year, Jay?

1 J. SHEPHERD: What?

2 J. VELLONE: What year?

3 J. SHEPHERD: What do you mean "what year"?

4 J. VELLONE: Do you want to time frame this,  
5 please.

6 J. SHEPHERD: I want total.

7 J. VELLONE: How about '26?

8 J. SHEPHERD: How about total?

9 J. VELLONE: I don't know what the term of the  
10 agreement is, Jay.

11 J. SHEPHERD: It probably says right in it.  
12 Give us the best information you can, as much of the  
13 profit --

14 J. VELLONE: It is a 12-month agreement.

15 J. SHEPHERD: What?

16 J. VELLONE: It is a 12-month agreement.

17 J. SHEPHERD: With extensions.

18 J. VELLONE: If they happen.

19 J. SHEPHERD: Okay. Give us the best  
20 information you can give us.

21 **UNDERTAKING J2.13: TO ADVISE WHAT THE AFFILIATE**  
22 **IS GOING TO MAKE ON THE CONTRACT**

23 J. SHEPHERD: Okay. And then last, Mr.  
24 Chairman, it is now 5:28. I did not get to rate  
25 impacts, which would be my favorite part of this. I  
26 wonder, would you would indulge me to let me come  
27 back tomorrow morning for 15 minutes?

28 COMMISSIONER MORAN: I think that will work.

1 J. SHEPHERD: Thank you.

2 COMMISSIONER MORAN: And do you have a question  
3 that you can use up the last two minutes with?

4 J. SHEPHERD: I do.

5 COMMISSIONER MORAN: Okay. Go for it.

6 J. SHEPHERD: If you insist.

7 Can you go to page 11 of our materials. And so  
8 this is -- if you go down, scroll down to 1-X-3, this  
9 is a question, "Why are the costs per pole increasing  
10 from \$18 to \$51?"

11 And if you go to the next page, you see your  
12 answer, which is:

13 "The increase in O&M costs per pole can be  
14 attributed to a significant rise in overall  
15 pole-related O&M expenses." [As read]

16 So it is costing more per pole because we are  
17 spending a lot more on each pole? I am sorry, I  
18 don't understand the logic of the answer. You are  
19 spending more, so it is costing more, yeah, sure.

20 L. FILION: So one of the things we have found  
21 with our metrics that were just released earlier in  
22 October, and we continue to do every year, is once  
23 these are released, go back and look at each of these  
24 metrics to see if we can refine the metrics.

25 So one thing we are experiencing as an LDC is  
26 quality of the data that we are capturing in those  
27 enumerators, and specifically, the denominators of  
28 each of those metrics.

1           In this particular case with the O&M cost, the -  
2 - one thing we are finding is between O&M, there can  
3 be fluctuations. So this particular one, overhead  
4 lines -- operations and overhead lines maintenance  
5 cost, we may have some issues with allocating our  
6 labour correctly.

7           They are fine in an overall perspective, just  
8 maybe some misallocations in between the two  
9 programs. This is something we are looking into to  
10 refine our -- basically, refine our data that we are  
11 gathering for these metrics. And we continue to do  
12 that to try to find improvements so we can refine  
13 these metrics and get them to the right place.

14          J. SHEPHERD: So the \$574,000 figure, you think,  
15 is maybe not correct?

16          L. FILION: I am sorry, 574,000...

17          J. SHEPHERD: Yeah. The number you quote there  
18 for 2026, it may not be correct because it may be --  
19 there may be incorrect allocations in there?

20          L. FILION: It may be -- due to system  
21 limitations, we do have some manual adjustments that  
22 we do to move some labour in between operations and  
23 maintenance programs. So overall, in operations and  
24 maintenance, our program costs would not be -- there  
25 would be no net difference. It just may have been a  
26 misallocation. We are continuing to look into this.

27          J. SHEPHERD: Okay. So I am going to ask you to  
28 undertake to provide a corrected answer to this

1 interrogatory that shows what the actual O&M cost per  
2 customer -- sorry, per pole are expected to be in  
3 2026, and show us the calculation of how it changes  
4 from this to that new number. Can you do that?

5 L. FILION: Sorry. Can you repeat that one more  
6 time so I can just make sure I have got it.

7 J. SHEPHERD: Okay. Yeah. Answer this -- A to  
8 this question again, but instead of -- and in that  
9 answer, tell us what the real cost per pole is and  
10 show us how you got to that number that is different  
11 from the 51 and show us how, for example, the 574 is  
12 wrong. Can you do that?

13 L. FILION: Yes.

14 J. SHEPHERD: Thank you.

15 L. MURRAY: That will be undertaking J2.14.

16 **UNDERTAKING J2.14: TO ADVISE WHAT THE ACTUAL**  
17 **O&M COST PER POLE IS EXPECTED TO BE IN 2026, AND**  
18 **TO PROVIDE THE CALCULATION OF HOW THE NUMBER**  
19 **CHANGES**

20 J. SHEPHERD: And I am done.

21 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

22 And with that, I think we are adjourned until 9:00  
23 tomorrow morning.

24 --- Whereupon the proceeding adjourned at 5:33  
25 p.m. sine die