



**REDACTED
PUBLIC**

ONTARIO ENERGY BOARD

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

VOLUME: **3**

DATE: **October 30, 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 Thursday, October 30, 2025, commencing at 9:05 a.m.

VOLUME 3

REDACTED PUBLIC

A P P E A R A N C E S

COMMISSIONER MORAN
COMMISSIONER DODDS
COMMISSIONER ZLAHTIC

LAWREN MURRAY Board Counsel
TOBIAS HOBBS
TYLER DAVIDS

ASTRIT SHYTI Board Staff
SHELLY-ANNE CONNELL

JOHN VELLONE Oshawa PUC Networks, Inc. (OPUCN)
COLM BOYLE
MICHAEL MITCHELL
LORI FILION
VALERIE BENNETT
AMANDA TANG
MAGED YACKOUB
MIKE WEATHERBEE
AIYAPPA GANAPATHY

JAY SHEPHERD School Energy Coalition (SEC)

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

LAWRIE GLUCK Consumer's Council of Canada (CCC)

MARK GARNER Vulnerable Energy Consumers
Coalition (VECC)

DANIEL VOLLMER Distributed Resource Coalition
(DRC)

MICHAEL BROPHY Pollution Probe (PP)

Also Present:

DANA WONG
HASSAN AHMED

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

<u>Description</u>	<u>Page No.</u>
--- Upon resuming at 9:05 a.m.	1
PRELIMINARY MATTERS	1
CROSS-EXAMINATION BY J. SHEPHERD	6
--- Recess taken at 9:34 a.m.	21
--- Upon resuming at 9:35 a.m.	21
IN-CAMERA PROCEEDING UNDER SEPARATE COVER	21
--- Recess taken at 10:02 a.m.	21
--- Recess taken at 10:38 a.m.	44
--- Upon resuming at 10:56 a.m.	44
CROSS-EXAMINATION BY MR BROPHY	44
CROSS-EXAMINATION BY M. GARNER	50
CROSS-EXAMINATION BY T. HOBBINS	76
CROSS-EXAMINATION BY THE COMMISSION PANEL	93
--- Recess taken at 12:36 p.m.	109
--- Upon resuming at 1:46 p.m.	109
CROSS-EXAMINATION BY L. GLUCK	109
CROSS-EXAMINATION BY L. MURRAY	120
CROSS-EXAMINATION BY J. SHEPHERD	128
--- Recess taken at 2:30 p.m.	133
--- Upon resuming at 2:46 p.m.	133
AFFIRMED: LISE GALLI	135
EXPERT QUALIFICATION BY C. BOYLE	135

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

<u>Description</u>	<u>Page No.</u>
CROSS-EXAMINATION BY J. SHEPHERD	147
CROSS-EXAMINATION BY T. HOBBS	162
REDIRECT BY J. VELLONE	169
--- Whereupon the proceeding concluded at 3:40 p.m.	170

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

<u>Description</u>	<u>Page No.</u>
UNDERTAKING J3.1: TO PROVIDE A CORRECTED VERSION OF STAFF'S TABLE REGARDING APPENDIX 2-K AS WELL AS ANOTHER VERSION OF THAT TABLE PULLING OUT THE SALARIES FOR NON-UNION STAFF THAT DON'T RECEIVE AN INCENTIVE	27
UNDERTAKING J3.2: TO PROVIDE THE AVERAGE OF THE TARGET INCENTIVE AT P50 ACROSS THE 56 ROLES BEING USED TO SUPPORT THE COMPENSATION PLAN, AND ADVISE WHY IT IS APPROPRIATE FOR THE RANGE TO BE 10 TO 20 PERCENT	30
UNDERTAKING J3.3: TO ADVISE OF THE DIFFERENCE BETWEEN THE TWO TRAINING BUDGETS	43
UNDERTAKING J3.4: TO PROVIDE A SUMMARY OF THE MAJOR TECHNOLOGY INVESTMENTS REFERENCED IN OSHAWA POWER'S EVIDENCE AND OPENING STATEMENT, INDICATING FOR EACH WHETHER IT WAS A MUST-DO PROJECT, RESULTED IN COST SAVINGS, OR RESULTED IN COST INCREASES SUCH AS HIGHER OPERATING EXPENSES	50
UNDERTAKING J3.5: TO ADVISE, FOR EACH YEAR REFERENCED AT PAGE 69 OF THE COMPENDIUM AND LINE 39 OF APPENDIX 2-JC, A BREAKDOWN SHOWING AMOUNTS RELATED TO CUSTOMER SUCCESS AND COLLECTING AS SEPARATE ACTIVITIES, IDENTIFYING FOR EACH THE PORTION THAT IS INTERNAL VERSUS EXTERNALLY SOURCED, AND OF THE EXTERNAL PORTION, THE AMOUNT PAID TO AN AFFILIATE AND THE NAME OF THAT AFFILIATE	52
UNDERTAKING J3.6: TO PROVIDE AN UPDATED TABLE IN RESPONSE TO SC1-AMPCO-1 TO CORRECT ERRORS MENTIONED IN DISCUSSION WITH MR. GLUCK	91
UNDERTAKING J3.7: TO PROVIDE A NUMERICAL BREAKDOWN REGARDING HOW THE 60 PERCENT BURDEN RATE IS BUILT	97

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

<u>Description</u>	<u>Page No.</u>
UNDERTAKING J3.8: TO PROVIDE A BAR GRAPH SHOWING ALL THE DIFFERENT ARREARS BUCKETS	108
UNDERTAKING J3.9: TO PROVIDE THE EFFECTIVE DATE OF Bill 93, THE <i>Getting Ontario Connected</i> <i>Act</i>	122
UNDERTAKING J3.10: TO PROVIDE A COPY OF THE GOCA CONTRACT FOR THE 2024/2025 CLAIM PERIOD AND A COPY OF THE PREDECESSOR CONTRACT	126
UNDERTAKING J3.11: TO EXPLAIN HOW THE PROPOSED NEW BURDEN RATE AND ANY ASSOCIATED CHANGES RELATING TO THE NEW BUILDING WOULD FACTOR INTO THE VARIANCE ACCOUNT BEING PROPOSED	130

1 Thursday, October 30, 2025

2 --- Upon resuming at 9:05 a.m.

3 COMMISSIONER MORAN: Good morning, everyone.

4 Please be seated. Are there any preliminary matters?

5 J. VELLONE: Commissioner Moran?

6 COMMISSIONER MORAN: Go ahead.

7 J. VELLONE: The witness has identified two
8 factual corrections in the transcript, so if you
9 would like to do those now.

10 COMMISSIONER MORAN: Okay. Please go ahead.

11 **PRELIMINARY MATTERS**

12 V. BENNETT: Good morning, everyone. In the
13 transcript from yesterday, on page 218, Mr. Yackoub
14 suggested that there were no IT positions included in
15 the resource optimization review in his conversation
16 with Mr. Shepherd. This was not correct. I wanted
17 to bring up Exhibit 4. And please turn to page 72.

18 So what I am bringing you to are the
19 recommendations made within the resource optimization
20 review and the management response to each. This is
21 the actually the technical roles.

22 So just scroll to page 73, please. And as you
23 can see, management reviewed each recommendation and
24 made decisions about whether to implement or not the
25 position.

26 The four IT roles that I want to highlight are
27 the second role in this table, the cybersecurity
28 analyst. So as noted there, the recommendation was a

1 dedicated resource to ensure continued compliance
2 with the OEB cybersecurity framework, management of
3 cybersecurity threats, risk management, status
4 reporting, security audits, and vulnerability
5 assessments.

6 And management's response was to include this in
7 the 2026 test year to support cybersecurity risk
8 management.

9 The next role I will take you to is the business
10 systems analyst. So the business systems analyst was
11 to design, maintain, test, and oversee information
12 technology, and act as a bridge between IT and
13 business teams. The management response was to
14 include this position in 2026 test year.

15 As we discussed yesterday, the project -- the
16 PMO, project management office, is within IT, and so
17 I will turn your attention to the next role, which
18 was a second project manager that would continue to
19 help build the project management office expertise
20 and support organizational projects in all areas.
21 Management's response was to hire for this role in
22 late 2024, to support the numerous organizational
23 projects currently ongoing.

24 And then I will bring you to the very last line
25 in this table, the senior IT analyst. So this role
26 was recommended to focus on troubleshooting and
27 technical support for IT systems and escalations.

28 Management's response was that after evaluating

1 staff needs, this position was not needed and was put
2 on hold given the other high priority hiring needed
3 in the IT department; and therefore, it was not
4 included in the 2026 test year.

5 So for the second correction, I will pass it
6 over to the Mr. Yackoub.

7 M. YACKOUB: Thank you. I just want to draw
8 your attention to an exchange that Mr. Shepherd and I
9 had captured -- is my audio working? Yes. Okay. It
10 is captured on page 197 of the transcript from
11 yesterday. It begins on page 197, I believe.

12 And Mr. Shepherd had asked about the increase in
13 software and hardware costs between 2021 and 2026,
14 and I had answered, or begun to answer, that the
15 costs approved in 2021 for software and hardware were
16 approximately 750,000, and that in 2026, they rose to
17 about 1.9 million.

18 And I went through a series of software that was
19 moved from other departments, software that was added
20 due to cybersecurity, other spend that was necessary
21 for the utility, and brought it up to about 1.8
22 million out of the 1.9 million from software spend.

23 The error that I made was that the numbers that
24 I used, the \$750,000 in '21 and the 1.9 million in
25 2026, were, in fact, the entire IT budget, not just
26 the software and hardware.

27 And so the entire IT budget for 2021 is
28 \$750,000. And then if you continue to do the same

1 exercise and add the about 400,000 in moved software,
2 the inflationary increase, the about 180,000 in cyber
3 spend, the licensing that went from capital to opex,
4 and the new software that was necessary, the entire
5 budget goes up to the about 1.8.

6 And I actually forgot to mention the phone
7 system software, which is another capex to opex
8 change that includes labour, software, hardware,
9 subcontractors. And so the 7.3 FTEs are actually
10 included in that difference from 750,000 to 1.9.

11 So the implication is that we are adding about
12 1.1 or 1.2 million in software that I described,
13 either being moved from other departments or software
14 that is necessary, and we're adding 7.3 FTEs for
15 about 1.8 million. And so obviously, the math
16 doesn't add up, and the reason for that is that we
17 found efficiencies.

18 So we have created quite a few efficiencies to
19 be able to add much more than what I quoted just in
20 the software increases, in software and labour and
21 other expenses that I didn't mention.

22 And I will just make the one point that this is
23 the capacity increase that we have been talking
24 about, and we have actually done it in the technology
25 group where we have added a lot more capacity than we
26 are spending.

27 We have hired where we had to, but we have
28 created a lot of capacity, and that is how we can fit

1 so much into this amount, and we are requesting the
2 roles to do that across the company. Thank you.

3 COMMISSIONER MORAN: Is that everything from
4 you, Mr. Vellone? Okay, thanks.

5 Mr. Shepherd, it is possible that you may have
6 some follow-up questions on that, but let's finish
7 the prelim.

8 J. SHEPHERD: Yes.

9 COMMISSIONER MORAN: Mr. Gluck.

10 L. GLUCK: Good morning. I just want to advise
11 that I have a short segment of questions that are
12 related to the confidential version of the Korn Ferry
13 compensation study. So I just wanted to put that on
14 your radar, and I am in your hands as to when you
15 would like me to do that.

16 COMMISSIONER MORAN: Okay. So you are up after
17 Mr. Shepherd. And is it something that you could do
18 at the very beginning of your -- does that work with
19 the order that you have planned?

20 L. GLUCK: Absolutely, sure.

21 COMMISSIONER MORAN: All right. So before you
22 get there, we will make sure that everybody who is in
23 the room has signed an undertaking otherwise, and
24 then we will have the court reporter ready to
25 segregate that part of the transcript and so on.

26 L. GLUCK: Okay. So the very beginning?

27 COMMISSIONER MORAN: If that works for you.

28 L. GLUCK: Okay. Yes. Thank you.

1 COMMISSIONER MORAN: Okay. Any other
2 preliminary matters? Seeing none, so, Mr. Shepherd,
3 you are up. And if you have a couple of follow-up
4 questions on what you just heard, you know, fold that
5 into what you are doing.

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

7 J. SHEPHERD: I only have one, Mr. Chairman, and
8 that is to you, Mr. Yackoub.

9 Why is it that you didn't know that the resource
10 optimization study was telling you to add more
11 people? You are the one in charge of IT; right?

12 M. YACKOUB: Correct, I am the one in charge of
13 IT and --

14 J. SHEPHERD: Why didn't you know about it?

15 M. YACKOUB: If you read through the transcript
16 and that exchange, what I was answering was, was
17 there a benchmarking specifically between our IT and
18 other ITs.

19 And I believe you asked the question, "So there
20 was nothing in there?" And I said yes. But it was
21 just a misspeak. I was referring to the
22 benchmarking, but in the transcript, it came out as I
23 was saying, no, there are no positions. So it was
24 just an error based on the conversation.

25 J. SHEPHERD: Sorry, you lost me. You just put
26 a correction on the record because you said something
27 that was incorrect yesterday.

28 M. YACKOUB: That is right.

1 J. SHEPHERD: Are you saying you misunderstood
2 the question?

3 M. YACKOUB: Yes. I was saying I, in error,
4 answered a different question. Because you had asked
5 a previous question, "Was there any benchmarking done
6 between the two departments?", and then you
7 immediately asked that question as well, and it looks
8 like I was answering the wrong -- or I shouldn't say
9 that.

10 I misheard or I wasn't thinking clearly, and I
11 said the wrong answer to the wrong question.

12 J. SHEPHERD: Cross-examination can be very
13 trying at times, I know that.

14 All right. Let me turn to my last area of
15 questions, then, and that is rate impacts. I want to
16 take you to page 7 of our materials. And this is a -
17 - are two tables, originally prepared by us and then
18 corrected by you. These are your corrected versions
19 that compare the distribution charges for -- of
20 Oshawa Power in certain rate classes for -- with
21 similar-sized LDCs and with cohort 2 LDCs.

22 So I want to start with the similar sized, which
23 is the top one. And you see the last line of that
24 table is Oshawa PUC. And you see that the annual
25 2025 charge is \$8,400 for a GS over 50 customer.
26 This is a typical customer. It is all comparable.
27 Do you see that?

28 V. BENNETT: Yes.

1 J. SHEPHERD: And so at the starting point,
2 2025, you are just slightly above the average of your
3 similar-sized LDCs; right?

4 V. BENNETT: That is correct.

5 J. SHEPHERD: And you are seeking to add about -
6 - I think it is 27 percent to this particular class,
7 GS over 50, for 2026?

8 V. BENNETT: I think it is less than that. Let
9 me just confirm.

10 J. SHEPHERD: Well, I did it for Schools, and it
11 certainly was 27 percent. But okay, whatever your
12 calculation is.

13 V. BENNETT: I actually think this is in your
14 materials as well. So what I see for a general
15 service, 50 to 999 kilowatts, I see a 19.9 percent
16 increase --

17 J. SHEPHERD: Okay.

18 V. BENNETT: -- in subtotal A.

19 J. SHEPHERD: All right. So you are going to be
20 20 percent above the average in 2026 if you get what
21 you are asking for; right? Roughly.

22 V. BENNETT: No. Because we don't know --
23 sorry, are you saying above the 2025 average?

24 J. SHEPHERD: Well, or you will be 15 percent
25 above the 2026 average, let's say.

26 V. BENNETT: Well, I don't know what the 2026
27 average is. These other LDCs, I don't know how they
28 will be changing their rates in this time. So I am

1 not able to comment on the 2026 average.

2 J. SHEPHERD: Well, you can look at the list,
3 and you can see who is rebasing, and you know what
4 the formula is for everybody who isn't; right?

5 V. BENNETT: Approximately yes.

6 J. SHEPHERD: So you are going to be at least 15
7 percent above the average; right?

8 V. BENNETT: And can you just walk me through
9 the 15 percent? So you are adding 2 percent?

10 J. SHEPHERD: No. I am saying 20 percent less,
11 let's say, 5 percent on average for everybody else
12 because nobody is -- I think only one of them is
13 coming in for rebasing. So average of 5 percent
14 would be very high for that group. And you are going
15 to be 15 percent higher; right?

16 V. BENNETT: It would be really hard for me to
17 say because they may not be rebasing, but they may
18 have incremental capital modules, other applications.
19 It is very difficult for me to comment on the 2026
20 average.

21 J. SHEPHERD: If they had any of those, they
22 would already have been filed, and they haven't been,
23 have they?

24 V. BENNETT: I am a little behind on keeping
25 track of other applications over the last couple
26 months, but I just have to say I don't have
27 knowledge.

28 J. SHEPHERD: Okay. Let's go to cohort 2 LDCs.

1 That is the next table down.

2 V. BENNETT: Yes.

3 J. SHEPHERD: And, again, Oshawa PUC is the last
4 line. And you start out in 2025 10 percent above the
5 average. And you are going to add this 20 percent,
6 so you going to be, like, way above the average in
7 2026. And that is before the building; right?

8 V. BENNETT: The bill impacts shown here are
9 before the building, correct. But, again, I can't
10 comment on the 2026 rates for each of these -- for
11 each of these organizations. The other thing I
12 mentioned too is that the LDCs that are in cohort 2
13 will actually change.

14 My read of the Burlington Hydro settlement
15 proposal, they are actually moving to cohort 3, so
16 they wouldn't even be on this list.

17 J. SHEPHERD: So that is interesting that you
18 raise Burlington as the example because they, in
19 fact, did rebase this year; right?

20 V. BENNETT: Yes.

21 J. SHEPHERD: And we know what their rates are
22 going to be; right?

23 V. BENNETT: Yes.

24 J. SHEPHERD: And their rates are going to be
25 lower for all classes than yours next year; right?

26 V. BENNETT: That, I cannot confirm, no. I am
27 not familiar. I haven't done a comparison for each
28 of those. What I am aware is they are moving to

1 cohort 3.

2 J. SHEPHERD: So it is interesting. They are
3 going to be in cohort 3 with much lower rates than
4 you, and you say you are going to be in cohort 2?

5 V. BENNETT: The OEB's total cost benchmarking
6 model is produced by the OEB. It is based on total
7 costs, not costs for a single rate class. And so
8 that is an assessment of the total costs that are
9 being passed to customers, distributed among the
10 different rate classes. Right now, we are just
11 looking at a single rate class.

12 J. SHEPHERD: The reason I am asking these
13 questions is because I mean, A, this is a rates
14 hearing, not a cost hearing. So you can talk about
15 total cost all you like. The fact is it is the rates
16 that matter. It is what -- the rates that the board
17 sets in this proceeding, not the costs.

18 And as you said yourself, it is an envelope.
19 You get an envelope. All these individual costs are
20 irrelevant; right?

21 V. BENNETT: We do get an envelope. I just note
22 that the allocation of costs between different rate
23 classes is an item that was settled in the settlement
24 proposal. It was noted that adjustments in the -- to
25 cost allocation would just be mechanic based on the
26 final amounts. So the allocation between the rate
27 classes is not an issue in the proceeding.

28 J. SHEPHERD: Okay. So maybe it is just --

1 like, I am going to have to go to the Schools and
2 say, oh, by the way, over the next two years, your
3 distribution charges are going to go up 50 percent;
4 right?

5 V. BENNETT: Can you show me where you are
6 getting the 50 percent?

7 J. SHEPHERD: Or 40 percent. It doesn't matter.
8 A lot. And they are certainly going to be 50 percent
9 above the average because they are already 10
10 percent; right?

11 V. BENNETT: The 2025 average?

12 J. SHEPHERD: Yeah.

13 V. BENNETT: They would be above the 2025
14 average by the amounts that we've -- that is approved
15 as part of this cost of service application and in
16 the ICM application in the future.

17 J. SHEPHERD: And they are going to ask me, so
18 why? Like, why is it more expensive to get power
19 from Oshawa Power than from these other people?

20 V. BENNETT: It would be difficult for me to
21 comment on the differences between the LDCs that
22 underpin how costs are allocated, so I wouldn't be
23 able to answer that question.

24 J. SHEPHERD: So you don't actually look at your
25 rates and say, are our rates reasonable relative to
26 other LDCs, do you?

27 V. BENNETT: We use the benchmarks that we have
28 discussed already, so OM&A per customer as well as

1 the total cost benchmarking as a proxy for all rate
2 classes because our costs are ultimately passed to
3 rate -- passed to customers through our rates.

4 And so we see if we are staying within the
5 benchmarks, then we are achieving our goal of
6 controlling costs for reasonable rates.

7 J. SHEPHERD: So you benchmark your costs, but
8 you never benchmark your rates ever?

9 V. BENNETT: I have never -- I have not
10 conducted a comparison of rates like that, no. We
11 focus on the total cost because that is what we have
12 control over, and then we pass those through the
13 rates.

14 J. SHEPHERD: Okay.

15 So then I wonder if you could go to page 8 of
16 our materials. This is residential. Now,
17 interestingly enough, in residential, Oshawa Power,
18 you will see at the bottom line, compared to similar-
19 sized LDCs, your residential rates are actually lower
20 by -- by, like, \$80 compared to similar-sized
21 utilities; right? Right now.

22 V. BENNETT: Yes.

23 J. SHEPHERD: And you had never done that
24 comparison before?

25 V. BENNETT: No. Again, we are focused on the
26 total cost.

27 J. SHEPHERD: Okay. But your rates after this
28 application will be at the average; right?

1 V. BENNETT: So maybe you can just walk me
2 through that. So which average are you talking
3 about, the 2025 average?

4 J. SHEPHERD: The 2026 average. You can assume
5 that the 2026 average will be similarly 4 or 5
6 percent higher; right?

7 V. BENNETT: I -- as discussed on the other
8 rates, it is the same caveat. It is difficult for me
9 to comment on 2026.

10 J. SHEPHERD: You don't know, and you don't
11 care?

12 V. BENNETT: It is not that I don't care. As I
13 said, we are focusing on our overall costs to make
14 sure their rates are as low as they can be.

15 J. SHEPHERD: Okay.

16 And then I am looking at cohort 2 LDCs for
17 residential, and I see that you're \$67 below the
18 average right now. But you are asking for a big rate
19 increase, so presumably you will be well above the
20 average.

21 And, of course, in both cases, you will be way
22 above the average after the building; right? You
23 will agree that after the building, you are going to
24 be above the average for cohort 2 and for similar-
25 sized utilities; right?

26 V. BENNETT: So I am just going to break that
27 question down.

28 So, first, you said we would be way above

1 average after this rate increase. I disagree. We --
2 we're -- the bill impacts are just under \$6, and so
3 that would not put us way above the current average
4 for 2025.

5 And, again, this is not an apples-to-apples
6 comparison because we are excluding the other changes
7 that -- to rates that these LDCs are making in this
8 time.

9 The second piece of your question was that we
10 will be even further above this average with the
11 building, and that is true. If you add the bill
12 impacts to the 2025 increases in 2027 or whenever the
13 building comes into service, those will be higher
14 than the 2025 average.

15 The piece that is really missing is that these
16 other LDCs are going to be applying for things. They
17 are going to have different cost pressures, and that
18 is why we really rely on the OEB's forecasting model
19 as a prediction of where costs will land.

20 J. SHEPHERD: Okay.

21 We could have the same discussion on the next
22 page about -- with GS under 50; right? Starting at
23 the bottom of page 8 and the top of page 9, right, I
24 think?

25 Right, the same thing, you are starting below
26 the average, but you are going to be around the
27 average, and you are going to go above it with the --
28 right?

1 V. BENNETT: Just let me take a look.

2 So if I look at table 1-32, Oshawa Power's rates
3 are at 754 in 2025, so the annual cost. If I add the
4 bill impacts for general -- general service under 50,
5 which are \$12.5 --

6 J. SHEPHERD: \$150, yes.

7 V. BENNETT: Yes, \$150. I don't think that
8 quite gets us there.

9 J. SHEPHERD: Pretty close, but not quite there.
10 That's --

11 V. BENNETT: Yeah. But I just wanted to -- it
12 is not way over average. It is below average still,
13 of the --

14 J. SHEPHERD: No. I didn't say it was way over
15 average.

16 V. BENNETT: Okay.

17 J. SHEPHERD: I said, you are coming up to it;
18 right? Which you are?

19 V. BENNETT: Yes.

20 J. SHEPHERD: Okay.

21 And with cohort 2, you are going to be above?

22 V. BENNETT: That is correct. We would be above
23 the 2025 average shown in this table in 2026.

24 J. SHEPHERD: And, again, probably the 2026
25 because the only ones rebasing are Lakeland and
26 Burlington; right?

27 V. BENNETT: Again, there may be other
28 applications. I am not completely familiar.

1 J. SHEPHERD: Have you compared your proposed
2 rates to the rates that Burlington was just ordered -
3 - were ordered for Burlington? Burlington is a very
4 similar utility; right?

5 V. BENNETT: We have it listed as a similar
6 size, and it is also -- until recently, was in the
7 same cohort.

8 J. SHEPHERD: So have you compared what you are
9 asking for here to what the Board just ordered for
10 Burlington?

11 V. BENNETT: I did have a look at -- I just -- I
12 don't have it in front of me. But I haven't done a -
13 - I have done the comparison. I just -- I don't
14 recall the exact differences.

15 J. SHEPHERD: I think it is fair to say that
16 your rates are going to be higher in 2026 than theirs
17 without the building; right? If you get what you are
18 asking for.

19 V. BENNETT: No, that is not correct. We are
20 remaining on cohort 2, whereas they are moving to
21 cohort 3, and that is based on total costs that are
22 passed to rates.

23 J. SHEPHERD: Okay. So that is costs, but you
24 can do the math on the rates. We know what rates you
25 are asking for because it is in your materials. We
26 know what rates were ordered for them. You have
27 never done that comparison, have you?

28 V. BENNETT: Again, I have been focused on --

1 since -- I have been focused on the total cost
2 benchmarks. As I said, I have reviewed the
3 application, but I haven't -- I don't have the
4 numbers in front of me to be able to speak to that.

5 J. SHEPHERD: So I just have one final question
6 on this.

7 In most companies, one of the key criteria for
8 deciding do we spend this money, do we take this new
9 strategy, et cetera, is how is it going to affect the
10 price of our product to our customers?

11 And I didn't see anywhere in your evidence where
12 you specifically asked, how is this going to affect
13 the price to our customers?

14 I am going to have to go say to the school
15 boards, you are going to be way above -- like, you
16 and Oshawa, you are going to pay 50 percent more than
17 Burlington. And they are going to ask me what -- how
18 crazy I am. So it just doesn't make sense to them.

19 So how did you, you the company, look at the
20 impact of your strategies on the price to your
21 customers?

22 V. BENNETT: So as we discussed yesterday, we
23 did a bottom-up approach to determine what our LDC
24 needs to serve its customers, remain reliable, and
25 meet regulatory requirements. And we -- we -- as we
26 do include bill impacts, so we have looked at that.

27 But as I said, we are looking at the controlling
28 costs for reasonable rates. We looked at our total

1 cost because those are what get -- get passed to
2 customers, and so that is what we are looking to
3 minimize.

4 J. SHEPHERD: Okay. I have no further
5 questions. Thank you.

6 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

7 Mr. Gluck, the documents that you are going to
8 ask questions about, can you identify what documents
9 those will be?

10 L. GLUCK: Sure. Yes. My questions will be on
11 the confidential version of the Korn Ferry
12 compensation study, and I would be happy to start
13 with that, if that works for the panel.

14 COMMISSIONER MORAN: Mr. Vellone, will you be
15 able to -- once we go in camera --

16 J. VELLONE: We are ready to go. We are just
17 waiting to go in camera.

18 COMMISSIONER MORAN: Okay. You will be able to
19 put those up on the screen. Okay. I just wanted to
20 make sure that we have access without having to --

21 J. VELLONE: Yeah, and the witnesses all have
22 confidential materials --

23 COMMISSIONER MORAN: All right.

24 J. VELLONE: They're good to go.

25 COMMISSIONER MORAN: So there are a few folks, I
26 think, in the room who have not signed the
27 declaration undertaking.

28 M. GARNER: Yeah, I am not sure there is more

1 than me, but there definitely is me, so I will
2 retire.

3 May I ask that rather than have a sentinel at
4 the door, someone do as my spouse does, just put a
5 sticky note on the door when I am allowed back in.

6 COMMISSIONER MORAN: Yes. All right. And
7 perhaps the sticky can say "in camera, no
8 admittance."

9 And there is a couple of folks in the back row
10 who I don't think have entered any appearances. Mr.
11 Vollmer, I think you have signed an undertaking.
12 Yeah.

13 The two folks beside -- are they staff?

14 A. ZLAHTIC: Yeah, they are staff. They are OEB
15 staff.

16 L. MURRAY: They are.

17 COMMISSIONER MORAN: Is it okay if they stay,
18 from your perspective?

19 L. MURRAY: From my perspective, yes, if it is
20 okay with the panel.

21 COMMISSIONER MORAN: Obviously I don't know
22 everybody on staff.

23 L. MURRAY: Just to confirm, they are articling
24 student -- and our accounting expert, Dana Wong, and
25 they are both part of the case team on this case.

26 COMMISSIONER MORAN: My apologies. This is the
27 problem when mostly you meet people on Teams as
28 opposed to in person.

1 L. MURRAY: Commissioner, I will confirm whether
2 or not we are going in camera. We have to do certain
3 things to YouTube and disabling the public stream.

4 COMMISSIONER MORAN: I think we are about ready
5 to do that. Mr. Court Reporter, this will be
6 segregated and not to be distributed, passed to OEB,
7 until you get the go-ahead on who to distribute it
8 to.

9 --- Recess taken at 9:34 a.m.

10 --- Upon resuming at 9:35 a.m.

11 **IN-CAMERA PROCEEDING UNDER SEPARATE COVER**

12 --- Recess taken at 10:02 a.m.

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

14 L. GLUCK: Okay. I am still asking questions
15 about the Korn Ferry study, but we can go to the non-
16 confidential version.

17 So given the date of that study, it would have
18 relied on 2022 information, I assume?

19 V. BENNETT: Yes.

20 L. GLUCK: Okay.

21 V. BENNETT: I would agree.

22 L. GLUCK: And you talked about -- we just
23 talked about how you have increased compensation for
24 non-union professional and management staff; is that
25 right? Since that time, in accordance with the
26 table?

27 V. BENNETT: We aligned it with the structure so
28 that it aligned with the proposed salary structure

1 here.

2 L. GLUCK: Okay. And can you -- can you confirm
3 that you made changes to the level of incentive as
4 well?

5 V. BENNETT: Yes. So the incentives were
6 changed to align with these as well.

7 L. GLUCK: Okay. Thank you.

8 And since 2022, you have already or planned to
9 hire 25 FTEs; is that right? Between 2022 and 2026?

10 V. BENNETT: Is that just --

11 L. GLUCK: It's just Appendix 2-K.

12 V. BENNETT: It's just Appendix 2-K. Yes. Just
13 Appendix 2-K reflects the mid-year FTEs, yeah.

14 L. GLUCK: Thank you. And so after making
15 changes to your compensation and hiring a significant
16 number of new employees, you have not undertaken
17 another expert study to confirm whether you remain at
18 P50?

19 V. BENNETT: No, we have not undertaken another
20 benchmarking study at this time. But we do track
21 that we are remaining within the 80 to 120 percent
22 range that I highlighted in the proposed structure
23 for our roles.

24 L. GLUCK: Okay. But you haven't look at your
25 actual salaries that you are paying against P50 since
26 2022?

27 V. BENNETT: We have not gone out and done
28 another salary comparison to other companies, no.

1 L. GLUCK: Okay. Thank you.

2 I would like to discuss incentive pay more
3 specifically. So if we could go to the CCC
4 compendium at page 92, please. Okay.

5 From this table, I understand that there are
6 three categories of employees that are eligible for
7 incentive pay: Executives, management, and non-union
8 staff. Is that right?

9 V. BENNETT: That is correct. I will note that
10 not all non-union staff are eligible for incentives.

11 L. GLUCK: Thank you. Would you take it subject
12 to check that for these three categories of
13 employees, incentive pay was approximately \$645,000
14 in 2024?

15 V. BENNETT: Can you show me where you got that
16 number?

17 L. GLUCK: Sure. In the 2024 column, it is 283
18 plus 173 plus 186.

19 V. BENNETT: Yeah. Ballpark. I am fine with
20 that.

21 L. GLUCK: Okay. And that represents
22 approximately 13.2 percent of base salary? \$645,000
23 divided by 4.8 million.

24 V. BENNETT: Yeah. Ballpark, that seems
25 correct.

26 L. GLUCK: Thank you.

27 And now looking at the proposed 2026 budget,
28 would you take it subject to check that incentive pay

1 is forecast to be 1.27 million, which represents
2 approximately 20 percent of base salary? It is 1.27
3 million divided by 6.33 million.

4 V. BENNETT: So that math seems correct. We did
5 want to highlight in reviewing the -- I think this
6 was Exhibit K2.5. This was the OEB staff calculation
7 of percentages of salary allotted for incentive
8 payment by year.

9 So in reviewing that table -- yeah, yeah -- we
10 revisited those numbers in reviewing that document
11 that was provided to us by OEB staff, and we did
12 identify there was some allocation issues between
13 salary and incentive particularly for the non-
14 unionized staff in that table.

15 We have since gone and confirmed that all
16 salaries and incentives are within the ranges
17 specified with Korn Ferry. The error was in the
18 allocation shown in this table.

19 L. GLUCK: Not fully following because I don't
20 have staff's table. I am assuming that they are
21 planning on speaking to it today.

22 V. BENNETT: Yeah, maybe we can just pull it up.
23 It is Exhibit K2.5. So maybe I can just quickly
24 speak to it. And this was a table prepared by OEB
25 staff, but we did review it, just the mathematical
26 components.

27 So in 2026, you can see the percentage of salary
28 is 20 percent for the executive team, 19 percent for

1 the management team, and the non-union was 21
2 percent.

3 In reviewing this, this flagged to us that we
4 needed to double-check that because the incentive
5 levels for non-unionized staff are lower than this.
6 They are 10 percent.

7 So we went back and checked the individual
8 incentive rates, and those were within the Korn Ferry
9 study. The issue was in how it was reported in
10 Appendix 2-K.

11 L. GLUCK: Okay. Let me -- let me just try and
12 do this at a summary level. In 2024, I think you
13 agreed incentive pay was 13.2 percent of base salary?

14 V. BENNETT: Yes.

15 L. GLUCK: Right? And now you are at about 20
16 percent; is that right?

17 V. BENNETT: Based on Appendix 2-K, which we
18 just highlighted, we believe has an error.

19 L. GLUCK: 20 percent in total, though? You are
20 saying that there is going to be a significant change
21 to the \$423,000 of non-union? Is that what you are
22 saying?

23 V. BENNETT: That is correct. We think that has
24 been misallocated.

25 L. GLUCK: So what is the number? Is it 18
26 percent?

27 V. BENNETT: So what I would highlight is that
28 our -- our bonuses, the incentive pay go from 10 to

1 20 percent, and so we would expect it to be closer to
2 the 10 percent side of that range based on the roles
3 included in there.

4 L. GLUCK: No. I don't mean for the non-union.
5 I am doing the total.

6 V. BENNETT: Oh, the total.

7 L. GLUCK: So if you took half of it out, 200
8 grand out, we are at 18 percent; would you agree with
9 that?

10 V. BENNETT: With the math?

11 L. GLUCK: Yeah.

12 V. BENNETT: Yes.

13 L. GLUCK: Okay. Thank you.

14 And what I would like is a version, I guess, a
15 corrected version of staff's table, and also I would
16 like another version of that table where you pull out
17 the salaries for non-union staff that don't receive
18 an incentive so we could get the true number of what
19 is the percentage on average of incentives relative
20 to base salary. Is that something you could do?

21 A. TANG: Mr. Gluck, just want to confirm. You
22 want -- for the second undertaking, you want us to
23 pull out the non-union?

24 L. GLUCK: I want you to pull out the salary --

25 A. TANG: The salary.

26 L. GLUCK: -- related to non-union staff that do
27 not receive incentive pay.

28 A. TANG: Okay.

1 L. GLUCK: Thank you.

2 L. MURRAY: That will be Undertaking J3.1.

3 **UNDERTAKING J3.1: TO PROVIDE A CORRECTED**
4 **VERSION OF STAFF'S TABLE REGARDING APPENDIX 2-K**
5 **AS WELL AS ANOTHER VERSION OF THAT TABLE PULLING**
6 **OUT THE SALARIES FOR NON-UNION STAFF THAT DON'T**
7 **RECEIVE AN INCENTIVE**

8 L. GLUCK: Okay. So you just mentioned it, that
9 the range you use is between 10 and 20 percent for
10 incentive pay; is that right?

11 V. BENNETT: Yeah, that is right. And I -- we
12 had an interrogatory related to this where we
13 explained what our policy was.

14 L. GLUCK: Go to the compendium at page 95,
15 please. I think that it is in your evidence?

16 V. BENNETT: Yes.

17 L. GLUCK: Okay. Thank you.

18 And you have mentioned that you have also used,
19 as a secondary resource for your compensation -- in
20 support of your compensation strategy, the 2023
21 MEARIE management salary survey; is that right?

22 V. BENNETT: Yes, that is correct. Our HR
23 director reviews the MEARIE survey.

24 L. GLUCK: Okay.

25 If we could go to page 97 of the compendium,
26 please. And is this the survey that you referenced
27 in your evidence?

28 V. BENNETT: Yes, it appears to be.

1 L. GLUCK: Okay. Thank you.

2 If we could go to page 101 of the compendium,
3 please. And my understanding of the survey, it is a
4 survey of LDCs, and the survey covered 56 roles that
5 are common management and professional roles that an
6 Ontario LDC would have; is that right?

7 V. BENNETT: Yes.

8 L. GLUCK: Thank you.

9 And if we go to page 130, please. And here the
10 table shows the average salaries and incentive
11 payments for the 56 roles that we just discussed; is
12 that --

13 V. BENNETT: I see that.

14 L. GLUCK: -- a fair summary of that table?

15 V. BENNETT: Yeah, I see that.

16 L. GLUCK: Thank you.

17 And I have taken a -- I have calculated the
18 average of the P50 target incentive across these 56
19 roles, and that average is 8.9 percent. Would you
20 take that subject to check?

21 V. BENNETT: I am not able to calculate it here,
22 so if -- it is difficult for me to -- for me to
23 confirm that, Mr. Gluck.

24 L. GLUCK: Okay.

25 So then what, I guess -- I guess I would like
26 you to undertake to take the average of the target
27 incentive at P50 across the 56 roles that you are
28 using to support your compensation plan and provide

1 that average and advise why your range between 10 and
2 20 percent -- why it is appropriate for your range to
3 be 10 to 20 percent, which is -- will be above that
4 number.

5 V. BENNETT: So what I would like to highlight
6 is if we actually go to page 104 of your materials,
7 so this is just earlier in the same report, it
8 identifies the LDCs which participated. And I was
9 looking through this, and most of the LDCs that we
10 compete with directly for staff are not on this list.

11 So, for example -- and this is a pretty small
12 sample size of participants. We do have Alectra
13 there. They are a GTA-based LDC. I don't know if we
14 would lose a lot of staff because they are more on
15 the west side. We are on the east side of Toronto.

16 There is Elexicon, who are our neighbours, so
17 that makes sense. And then Newmarket-Tay is not too
18 far.

19 But there is no Toronto Hydro where we have lost
20 staff, Hydro One where we have lost staff, as well as
21 OPG, as we have discussed in the last couple days.

22 So I would argue that most of these other LDCs
23 are not in the GTA and face different pressures than
24 us, whereas the Korn Ferry report, as you
25 highlighted, looked at a much larger data set. I
26 believe it was almost 400 comparators across Ontario.

27 I did have a look, and it did not include the
28 Toronto Hydros, the Hydro One, OPG in their list

1 either, but included a lot more Ontario employers,
2 which just by virtue of Toronto -- the Toronto area
3 being the biggest would include more GTA employers,
4 and those are who we are competing with staff for.

5 And so I just want to highlight that I am happy
6 to calculate this average, but there is a -- we were
7 looking to solve a clear problem in 2023 with our
8 turnover, getting told that our compensation was too
9 low.

10 We undertook that study, and we developed an
11 incentive program based on expert advice.

12 L. GLUCK: Thank you. Well, I will take the
13 undertaking, please.

14 L. MURRAY: That will be Undertaking J3.2.

15 **UNDERTAKING J3.2: TO PROVIDE THE AVERAGE OF THE**
16 **TARGET INCENTIVE AT P50 ACROSS THE 56 ROLES**
17 **BEING USED TO SUPPORT THE COMPENSATION PLAN, AND**
18 **ADVISE WHY IT IS APPROPRIATE FOR THE RANGE TO BE**
19 **10 TO 20 PERCENT**

20 L. GLUCK: And you would agree when you are
21 trying to do benchmarking, the idea is that you are
22 going to take a large number of organizations? So in
23 the MEARIE survey, they have 37 organizations. They
24 are all LDCs.

25 So I am not sure what you are suggesting is the
26 problem with this survey that you are saying you
27 relied on to support your compensation plan.

28 V. BENNETT: I am suggesting that the

1 organizations that I just showed are not ones that we
2 compete for staff for.

3 For example, I saw Sioux Lookout. They are very
4 far away from here. We are not losing staff to Sioux
5 Lookout. Synergy North is in Thunder Bay. We are
6 not losing staff to them. They are not the companies
7 we compete for staff with.

8 Whereas with a much larger data set, you have
9 more GTA employers, even if you use an Ontario-based
10 set, and that better reflects who we are actually
11 competing for staff with and what our P50 is based
12 on.

13 L. GLUCK: Thank you.

14 And when -- you have talked a few times
15 throughout this hearing and in your evidence about
16 the OEB's total cost benchmarking?

17 V. BENNETT: Yes.

18 L. GLUCK: Is that right?

19 V. BENNETT: Yes.

20 L. GLUCK: And that benchmarks all utilities in
21 the province; is that right?

22 V. BENNETT: Yes. That is my understanding.

23 L. GLUCK: So -- so -- okay. Thanks. That is
24 fine.

25 Can we go to page 92 of the compendium, please.
26 And you had a brief discussion with Mr. Shepherd
27 yesterday about executive compensation. And I just
28 have a few questions about the increase in executive

1 compensation between 2024 and 2026.

2 And before I get started, is -- was that -- is
3 that line item impacted by the error that you
4 mentioned earlier?

5 V. BENNETT: Sorry, Mr. Gluck. I -- you
6 mentioned the cohort status. I just wanted to note
7 that the fact that we are -- remain in cohort 2, even
8 among -- within the GTA when we have several non-
9 cohort 2 companies around us, is actually more of a
10 sign of our cost efficiency rather than less. So I
11 just wanted to highlight that.

12 Just to get to your question, so you are asking
13 about the increase in executive compensation?

14 L. GLUCK: Mm-hmm.

15 V. BENNETT: Sorry. Can you repeat your exact
16 question?

17 L. GLUCK: Sure. My first question is, is the
18 executive compensation line impacted by the error
19 that we talked about before, before I get into this?

20 V. BENNETT: No. It was just the non-Union.

21 L. GLUCK: Okay. Thank you.

22 And so between 2024 and 2026, the number of
23 executives is unchanged at seven employees; is that
24 right? That is at the bottom of the -- if you go
25 down a little bit, it is...

26 V. BENNETT: Yes, that is correct. I would just
27 say that there was some movement that year. There
28 was the creation of the director of regulatory

1 affairs, which started part of the year, so only a
2 partial salary would be included for that.

3 L. GLUCK: Okay.

4 And if we go back up a little bit, the executive
5 compensation for these seven employees is increasing
6 by nearly a million dollars over two years, which is
7 50 percent; is that right?

8 V. BENNETT: That math looks correct to me.

9 L. GLUCK: And do you have any sort of
10 benchmarking information or reports to support what
11 is a 50 percent increase to executive compensation
12 over two years?

13 V. BENNETT: So as I highlighted, we are working
14 within the P50 ranges. So we are working within the
15 benchmarks we already had, so we don't have separate
16 benchmarking to answer this question.

17 L. GLUCK: Okay. Thanks.

18 And, next, I would like to discuss Oshawa
19 Power's vacancies in the vacancy rate that it has
20 used. If we could go to the compendium at page 168,
21 please.

22 In this table, you are showing that on an actual
23 basis, Oshawa Power has always had a number of
24 positions vacant; is that right?

25 V. BENNETT: Yes, that is correct.

26 L. GLUCK: And in part B of this response, it
27 says you have not included any reduction to the
28 proposed compensation budget in 2026 to reflect the -

1 - to reflect potential vacancies; is that right?

2 V. BENNETT: That is correct. And the reason
3 for that is similar to 2021 when we were unable to
4 find staff and we had to hire subcontractors, and
5 that is why we were operating below staff with that
6 staff but spent more on subcontractors to make sure
7 we could do everything we needed to do to meet our
8 customer needs.

9 That would be similar in 2026. So if we do have
10 vacancies, we are going to need to hire contractors
11 to support those functions. So we require the
12 dollars regardless to be able to serve our customers
13 in 2026.

14 L. GLUCK: Are you aware that nearly -- I am not
15 going to say "every," but nearly every LDC in the
16 province when they are setting -- forecasting the
17 test year, they would include a vacancy rate because
18 there are going to be people that aren't working?

19 J. VELLONE: Can you give us a point on the
20 evidence where the witnesses can speak to this?

21 L. GLUCK: No, I can't. Thanks.

22 So let me ask you about your -- the comment you
23 just made about subcontractors that are going to
24 cover for when -- if there are vacancies to your
25 planned staff.

26 And can you show me where in your evidence we
27 would see that? Are you saying they are going to be
28 paid the exact same amount if people leave their jobs

1 in the year?

2 V. BENNETT: So we don't have this in the
3 evidence, as the evidence is based on us receiving
4 the funding for the head count that was planned.

5 But we need -- we are required to manage the
6 business, and so if we had to hire subcontractors, we
7 would do that if -- to cover vacancies in the roles
8 that we have requested.

9 L. GLUCK: Okay. Thank you.

10 Can we go to the compendium at page 177, please.
11 And I would like to discuss a few of the incremental
12 roles that Oshawa Power plans to hire in 2026.

13 So my understanding is you have a project
14 management office with two project managers; is that
15 right?

16 M. YACKOUB: That is correct.

17 L. GLUCK: And I think we discussed this a bit
18 yesterday in the context of change requests. The
19 addition of a project management office is a -- is a
20 pretty recent change to the organization?

21 M. YACKOUB: That is right.

22 L. GLUCK: And for 2026, you are seeking to hire
23 a manager of governance? And this is a page up in
24 the compendium, please.

25 M. YACKOUB: Sorry, could you repeat the last
26 part of that sentence. It cut off.

27 L. GLUCK: Sure. And for 2026, you are seeking
28 to hire a manager of governance; is that right?

1 A. TANG: Yes, that is correct.

2 L. GLUCK: And can you help me with what the
3 manager of governance role would do and how it
4 interacts with the project management office?

5 A. TANG: I will speak to the -- I will speak to
6 the reason for the governance manager. The
7 governance manager is meant to be hired to manage, as
8 the name speaks for it, the governance within the
9 organization, making sure that we have all the
10 policies in place, everybody is responsible and
11 accountable. That is the culture that we are moving
12 towards.

13 In addition, this role will also be managing
14 risk management, which we have talked about
15 throughout the application. Ongoing -- risk
16 management is an ongoing exercise. Right now, risk
17 management is being done at the business level, so we
18 need a cohesive centralized support to support that.

19 L. GLUCK: Thank you.

20 And can you discuss why an organization the size
21 of Oshawa Power requires both a project management
22 office and a manager of governance?

23 M. YACKOUB: Yeah. I think the role that Ms.
24 Tang just described it not -- can you hear me? Oh,
25 apologies.

26 The role that Ms. Tang just described, the
27 manager of governance, is a different role than the
28 PMO. So the manager of governance is around risk

1 management and organizational governance where the
2 PMO, yes, there are risk management elements on the
3 project level, but they are more project management
4 than risk management.

5 L. GLUCK: Okay. Thank you.

6 And can we go to page 180 of the compendium,
7 please. In part B to this response, it describes
8 that the new CIS system will increase internal staff
9 capacity as the system has automated a number of
10 collection tasks that are now automated. Is that a
11 fair summary of the response?

12 M. YACKOUB: Not -- where did it say "collection
13 tasks," sorry? You are talking about part B?

14 L. GLUCK: Yeah.

15 M. YACKOUB: I said:

16 "Oshawa Power has had to invest significant
17 resources into managing day-to-day collection
18 tasks that have been automated." [As read]

19 Yes, that is correct.

20 L. GLUCK: Okay. Thank you.

21 And can we go to page 183 of the compendium,
22 please. And in the billing and collecting program,
23 can you tell me which cost categories are going to
24 see benefits from the CIS program?

25 M. YACKOUB: The one that was being referring to
26 in that previous reference would have been the
27 customer success and collecting group.

28 L. GLUCK: Thank you.

1 And have you explicitly reflected any cost
2 savings in that program from the CIS implementation?

3 M. YACKOUB: In the one line item, no, not
4 explicitly. There are many things in that line item.

5 L. GLUCK: And my question was about the cost
6 savings. Did you factor in productivity and cost
7 savings in the 2026 forecast related to the CIS
8 implementation?

9 M. YACKOUB: So, yes, those cost savings are
10 included in that line item, among other things.

11 L. GLUCK: And do you have -- is there somewhere
12 on the record where I can see what the dollar amounts
13 of those savings are?

14 M. YACKOUB: No. As I mentioned in the previous
15 point, in that previous reference in one of the other
16 answers, the capacity increases are to offset hiring.

17 So, again, we were having trouble keeping up,
18 and so we have automated tasks and improved -- and
19 introduced efficiencies.

20 L. GLUCK: Okay. Thank you. Can we go to page
21 188 of the compendium, please.

22 And in this table, with respect to collection
23 costs, you show basically a doubling of collection
24 costs between 2023 and 2024; is that right?

25 M. YACKOUB: Between 2023 and '24, yes, about
26 double.

27 L. GLUCK: Okay. And then there is another
28 doubling of spending between 2024 and 2025; is that

1 right?

2 M. YACKOUB: That is correct.

3 L. GLUCK: And then you are maintaining that
4 level of spending in 2026; is that right?

5 M. YACKOUB: Roughly, correct.

6 L. GLUCK: And can you confirm that these
7 collection costs are all external costs paid to an
8 affiliate at market rate, please?

9 M. YACKOUB: I am not sure that all of them are
10 collection costs paid to the affiliate, but certainly
11 a large proportion.

12 L. GLUCK: Can we go up the page a bit, please.
13 Is it all of it or...

14 M. YACKOUB: I am sorry? I missed that part.

15 L. GLUCK: Sorry. Is it -- all of it is paid to
16 the affiliate, or is the answer that some amount is
17 not?

18 M. YACKOUB: I am not sure of the breakdown
19 exactly, but I would say the majority of it is field
20 collection activities, yes.

21 So not back office, which would not -- some of
22 it would be paid to the affiliate as well, but the
23 majority of this cost is field collection activities.

24 As we mentioned, we have increased collection
25 activities in order to try to stem the exponential
26 increase in bad debt, as we discussed with Mr.
27 Shepherd yesterday.

28 L. GLUCK: Okay. Can we go to page 190 of the

1 compendium, please, and near the bottom of the page.
2 And it is near the bottom of the page going on to the
3 next page.

4 Here, you discuss that Oshawa Power increased
5 its collection efforts in April 2024 and has already
6 collected \$2.4 million of outstanding debt; is that
7 right?

8 M. YACKOUB: That is a summary of what it says,
9 yes.

10 L. GLUCK: And the expectation, presumably, is
11 that this significant increase in collection
12 activities in 2025 relative to 2024 will further
13 reduce outstanding debt; is that right?

14 M. YACKOUB: Sorry. Can you just point me to --
15 could you just -- are you reading further down on the
16 page?

17 L. GLUCK: No. I am just suggesting that
18 doubling the collection budget in 2025 would
19 presumably lead to even more debt collected. Is that
20 fair?

21 M. YACKOUB: In 2025, yes. If we increase
22 activities, we collect more. That is correct.

23 L. GLUCK: Okay. So we saw a very significant
24 decrease in outstanding debt in 2024, and you are
25 expecting that the 2025 collections-related spending
26 will further significantly reduce outstanding debt.
27 Do we agree on that?

28 M. YACKOUB: Are you reading or summarizing? I

1 am just trying to follow.

2 L. GLUCK: I am just asking a question.

3 M. YACKOUB: Oh, okay. So as I said, what we
4 are doing is increasing the collection efforts in
5 order to try to stop the bad debt from increasing.

6 L. GLUCK: So is the expectation that the 2025
7 collection -- the collection activities will further
8 reduce outstanding debt relative to 2024?

9 M. YACKOUB: No. As I said, we are trying to
10 level that curve. So it is increasing exponentially,
11 and we are trying to stop the growth. So you are
12 asking me, will you reduce it? And I am saying we
13 trying to stop the growth.

14 L. GLUCK: So a doubling of the collection
15 budget, you don't think is actually going to bring
16 down the amount of outstanding debt?

17 M. YACKOUB: Bring it down from what it would be
18 had we not increased collections? Yes. So it is
19 growing exponentially, and so double is an
20 exponential as well, so we are increasing the
21 collection efforts in order to flatten the increase.

22 L. GLUCK: So let me ask you this: If these
23 collection activities are not able to bring down the
24 outstanding debt to reasonable levels, does the
25 company have any plan to change its -- the activities
26 that it is doing to address this problem?

27 M. YACKOUB: So as we described in that section
28 that you have, we have changed. Part of that change

1 is increasing the level of collections in order to
2 stabilize the bad debt growth.

3 We are changing, and that is why it is not
4 continuing to grow exponentially.

5 L. GLUCK: Okay. Thank you.

6 M. YACKOUB: And can I just make one point on a
7 previous question. When you asked about the
8 efficiencies, the increase in costs are the field
9 collection, not the back office efficiencies that I
10 was referring to. So they are two different things
11 that we are talking about.

12 L. GLUCK: Okay. Thank you.

13 And I have just one last set of questions. This
14 is related to the training budget. So if we go to
15 page 208 of the compendium, please. And at -- in the
16 table -- IRR table 440, please.

17 So here, in the 2026 test year, it includes a
18 budget of \$126,000 in the general administration
19 program for travel and training; is that right?

20 A. TANG: That is correct.

21 L. GLUCK: Thank you. And if we could go to
22 page 68 of the compendium, please.

23 V. BENNETT: And if I could just jump in. This
24 relates to part of our HR strategy to enhance
25 learning, so that is the -- that has been part of our
26 HR strategy that we explain in Exhibit 4.

27 L. GLUCK: Thanks.

28 If we could go down a little bit on this page.

1 Here, there is an "Other" line which is a training
2 budget as well. And this is an "Other" line in the
3 HR program.

4 And it looks like the training budget is
5 increasing by approximately \$90,000 between 2026 and
6 2024; is that right?

7 A. TANG: It appears correct.

8 L. GLUCK: And in the numbered list below, so if
9 we go down a little bit, it says, "The training has
10 been centralized." Is that right?

11 A. TANG: Yes.

12 L. GLUCK: So can you help me, what -- it seems
13 like you have two training budgets: One in general
14 admin, and one in the "Other" line of HR. And
15 overall, it is a pretty significant increase between
16 the two of these budgets. Can you tell me what the
17 difference is?

18 A. TANG: I do not have the information.

19 L. GLUCK: Okay. Thank you. Can you undertake
20 to provide that?

21 A. TANG: Yes.

22 L. GLUCK: Okay. Those are my questions. Thank
23 you very much.

24 L. MURRAY: That will be undertaking J3.3.

25 **UNDERTAKING J3.3: TO ADVISE OF THE DIFFERENCE**
26 **BETWEEN THE TWO TRAINING BUDGETS**

27 COMMISSIONER MORAN: Thank you, Mr. Gluck. I
28 think we will take the morning break. We will come

1 back in -- 10:55.

2 --- Recess taken at 10:38 a.m.

3 --- Upon resuming at 10:56 a.m.

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

6 Mr. Brophy.

7 **CROSS-EXAMINATION BY MR BROPHY**

8 M. BROPHY: Good morning. Michael Brophy on
9 behalf of Pollution Probe. We revised our estimate
10 this morning down to 15 minutes, and I think that is
11 probably all we are going to need, hopefully.

12 First off, I just have a clarification question.
13 So in a discussion this morning with Mr. Shepherd,
14 you noted that once the proposed building comes into
15 service, it will bring your rates among the average
16 of your cohort. Do you recall that?

17 V. BENNETT: So, Mr. Brophy, I qualified that it
18 would bring it above the 2025 average of the cohort
19 when the building comes into service in 2027.

20 M. BROPHY: Okay. Thank you.

21 And I assume more details are going to be filed
22 when you file the ICM application, but the addition
23 of the building should actually decrease some other
24 costs like rent, higher maintenance, et cetera. So I
25 guess the question was when you made that statement,
26 is that related to the gross building cost, the net,
27 or perhaps both?

28 V. BENNETT: I was referring specifically to the

1 in-service of the building. It didn't include the
2 impact of changes to OM&A related to the building
3 that you referring to.

4 M. BROPHY: Okay. So you don't know the impacts
5 of the net, then? You were just stating that on a
6 gross basis?

7 V. BENNETT: Yeah, so gross being the capital
8 additions. I will note we did provide an estimate in
9 the clarification questions of the -- well, I think
10 it was the actual current building costs and estimate
11 of the new building costs. That is within the
12 settlement proposal in Appendix F. It is
13 clarification SC-CCC1.

14 M. BROPHY: Okay. Thank you.

15 Okay. So we may need to pull up an
16 interrogatory, 1-X-10, in a minute.

17 In Oshawa Power's opening statement, you
18 highlighted a 25 percent increase in the revenue
19 requirement based on your application; is that
20 correct?

21 V. BENNETT: Yeah, I think you were just citing
22 my opening statement of 25 percent increase. Yes,
23 that is correct.

24 M. BROPHY: Yeah, that was meant to be the easy
25 part.

26 V. BENNETT: Yeah.

27 M. BROPHY: Thank you.

28 And then if we can pull up -- so 1-X-10, table

1 1-6, which actually is on the screen now. If you
2 look at that, it indicates a variance of -- an
3 increase of 54 percent on the revenue requirement.

4 So can you just help me reconcile your 25
5 percent increase versus the 54 percent increase in
6 table 1.1-6?

7 V. BENNETT: So the 25 percent increase was in
8 reference to 2025 rates, and we provide a reference
9 in the opening summary of remarks, but it is in
10 Exhibit 6. That is the amount of revenue requirement
11 that was met in -- through our 2025 rates. And that
12 is compared to the 38.5 million that we are
13 requesting for 2026.

14 So that is the 2025 percent. It is an annual
15 increase compared to what is in our rates in 2025.

16 M. BROPHY: Okay. So the comparison, if we were
17 to put in the 2025 actuals instead of 2021 here,
18 would give you your 25 percent?

19 V. BENNETT: That is correct.

20 M. BROPHY: Okay. Thank you.

21 And is it -- just on the same topic, it is fair
22 to say that the building and land costs aren't
23 included in either of those numbers, the 25 or the 54
24 percent; is that correct?

25 V. BENNETT: No. No. They are outside of these
26 amounts. These are the amounts specifically related
27 to the -- this application, cost of service
28 application, yeah.

1 M. BROPHY: Okay. Thank you.

2 And also in Oshawa Power's opening statement,
3 and it is also in your evidence, but nicely
4 summarized in the statement, you highlighted
5 investments that have been made over the current
6 term.

7 And I can walk you through the list if you need,
8 but I think you are familiar with them.

9 And I assume that if those investments hadn't
10 been made over this term, then your request for
11 revenue requirement would be even higher? Is that --
12 is that a fair statement, or no?

13 V. BENNETT: I just wanted to confirm which part
14 of the opening statement. Was it my comments on the
15 --

16 M. BROPHY: Sure.

17 V. BENNETT: Or was it --

18 M. BROPHY: I think it was in the transcript as
19 well, but the actual filed opening statement material
20 had it as well. And it said that multiple major
21 technology upgrades were completed including
22 financial software updates, SCADA enhancements, an
23 outage management system, replacing integrated with
24 SCADA and GIS, GIS system upgrades, a new phone
25 system, rebuild self-serve capabilities, meter data
26 management, that kind of thing.

27 Are you familiar with that?

28 M. YACKOUB: Yes. I can speak to that. So just

1 to reiterate your question, you are asking me, if we
2 hadn't made those investments, would we be requesting
3 more capital today or operating?

4 M. BROPHY: Yeah, either. Correct.

5 M. YACKOUB: As a blanket statement, I wouldn't
6 say yes. I would say some of those were cost
7 savings.

8 So, for example, the replacement of the GIS and
9 OMS did lead to operation -- operating cost savings.
10 Some of those were just necessary in order to keep
11 the system working. So, you know, upgrades to
12 systems that were out of date, if we don't do them,
13 it is a massive cybersecurity risk, for example.

14 So the money needs to be spent to replace those
15 at some point. So I suppose if we didn't do it then,
16 yes, we would have to do it sooner rather than when
17 it is scheduled now.

18 And some of them actually increased our opex
19 spend in particular. So, for example, the phone
20 system moved from, again, an out-of-support on-
21 premise system to a cloud system, and so that
22 actually increased the operating expenses, and that
23 is making it into the ask today -- in this
24 application, rather.

25 M. BROPHY: Okay.

26 M. YACKOUB: Does that answer on a high level?

27 M. BROPHY: A good amount. It is a good base.

28 So I guess the follow-up to that is, is there

1 anything on the record from those investments that
2 would put it into those three categories you just
3 mentioned?

4 So one is the must-do with no, you know, cost
5 savings or cost additions; right? Just because of
6 obsolescence or the other things you mentioned,
7 things that would have resulted in cost reductions
8 coming into this term. And then you mention a third
9 category, which is ones that actually would lead to
10 some cost increases.

11 Is there anything that provides a summary of how
12 those technologies relate to those three categories?

13 M. YACKOUB: I don't believe there is a
14 consolidated summary of all of our -- and those --
15 that list was not exhaustive either. But, no, there
16 is no exhaustive list and a consolidated summary of
17 the impact of each of those projects.

18 M. BROPHY: Okay. Is that something that you
19 would be able to provide? And I get, you know, the
20 size of the list could be great, but certainly the
21 things that were on your list that you provided and
22 probably the major projects, and then just provide
23 some information or notes related to those three
24 categories we just talked about.

25 M. YACKOUB: Yes. Just to clarify, so the
26 categories were must-dos where they may or may not
27 have increased or decreased costs -- I mean, it is a
28 risk type of situation -- cost savings, and necessary

1 cost increases. Does that summarize the categories?

2 M. BROPHY: I think that is fair, yeah.

3 M. YACKOUB: And the ones that I mentioned in my
4 opening remarks, which were the notable ones, are the
5 ones you are specifically looking for; right?

6 M. BROPHY: Well, certainly those, and if there
7 is other major ones, then, you know, add those to the
8 list. But, you know, we don't need to go down to
9 very small projects. We don't need a list of a
10 thousand projects, yeah.

11 M. YACKOUB: Okay. I can provide that.

12 M. BROPHY: Yeah. Great. Thank you.

13 L. MURRAY: That will be Undertaking J3.4.

14 **UNDERTAKING J3.4: TO PROVIDE A SUMMARY OF THE**
15 **MAJOR TECHNOLOGY INVESTMENTS REFERENCED IN**
16 **OSHAWA POWER'S EVIDENCE AND OPENING STATEMENT,**
17 **INDICATING FOR EACH WHETHER IT WAS A MUST-DO**
18 **PROJECT, RESULTED IN COST SAVINGS, OR RESULTED**
19 **IN COST INCREASES SUCH AS HIGHER OPERATING**
20 **EXPENSES**

21 M. BROPHY: Okay. That concludes my questions.

22 Thank you.

23 COMMISSIONER MORAN: Thank you very much, Mr.

24 Brophy.

25 Mr. Garner.

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

27 M. GARNER: Thank you. It is a little faster
28 than I thought, but I am happy to go forward.

1 Good morning, panel. I have a few questions,
2 and as is the case being last in line of a lot of
3 people, I am a little bit in disarray because of
4 people already covering many things, so I am going to
5 try and get through that.

6 And I might say to the -- our Commissioners, I
7 don't know if I will be questioning you again on the
8 last part, so you may take that in mind. We may not
9 have -- may not have to do this again with me.

10 So where I would like to start, I think, is a
11 little bit with what my friend Mr. Gluck was talking
12 about, and I'd just like to clarify. If we could put
13 up the compendium, our compendium. We had a similar
14 slide, and I am trying to find it. Oh, in -- it is
15 at page 69.

16 And, Mr. Yackoub, Mr. Gluck was asking you about
17 this 406 and 416 and 204 and how much of that was
18 affiliate, and you said, most of it. I don't -- am
19 not satisfied with most of it. I would like to know
20 exactly what it is.

21 So I wonder if you would undertake for each one
22 of those years to tell us exactly how much of that
23 money is going to an affiliate and which affiliate it
24 is. Could you undertake to do that?

25 M. YACKOUB: We can. Can I just add one more
26 clarification?

27 M. GARNER: Sure.

28 M. YACKOUB: That prior to -- I think it was

1 2023, it was still being outsourced but not to an
2 affiliate, to a different contractor so --

3 M. GARNER: Maybe you could make that
4 distinction in the undertaking so we could just see
5 it.

6 M. YACKOUB: Sure.

7 M. GARNER: That is great. Thank you very much
8 for that. That is very helpful.

9 L. MURRAY: That will be Undertaking J3.5.

10 **UNDERTAKING J3.5: TO ADVISE, FOR EACH YEAR**
11 **REFERENCED AT PAGE 69 OF THE COMPENDIUM AND LINE**
12 **39 OF APPENDIX 2-JC, A BREAKDOWN SHOWING AMOUNTS**
13 **RELATED TO CUSTOMER SUCCESS AND COLLECTING AS**
14 **SEPARATE ACTIVITIES, IDENTIFYING FOR EACH THE**
15 **PORTION THAT IS INTERNAL VERSUS EXTERNALLY**
16 **SOURCED, AND OF THE EXTERNAL PORTION, THE AMOUNT**
17 **PAID TO AN AFFILIATE AND THE NAME OF THAT**
18 **AFFILIATE**

19 M. GARNER: Now, let's just stay on that slide
20 for a minute. And it is a little hard to do, but if
21 you look at that -- those numbers of 406 and 416 and
22 204 -- it doesn't really matter what you want to do --
23 - and then go to appendix chapter 2. And I am using
24 the one from the settlement because it is the most
25 recent one. And go to the Appendix 2-JC where you
26 see the programs.

27 And as you will note when I look -- you look at
28 that -- you go to line 39 in that document, so you

1 are at 2-JC, and you are at line 39.

2 And I am sure this is somewhere, Ms. Bennett, so
3 apologies because -- but I just want to make sure,
4 before this all ends, I have it clear.

5 You will see in line 39 that that 416 that we
6 just talked about, let's say, for -- I think it was
7 25 doesn't exist as a number in that line. That is
8 customer success and collecting. So I take it -- and
9 I remember this from the evidence, customer success
10 is not the same thing as collecting, as I recall.

11 Maybe, first of all, someone can help me recall
12 the difference between customer success and
13 collecting, what is the activity difference?

14 M. YACKOUB: Sure. So customer success and
15 collecting includes the call centre, some of the
16 support staff for customer service, and obviously
17 collection activities, both field and back office.

18 M. GARNER: So would I be mathematically correct
19 to take the numbers in that graph that we had and
20 just subtract them from each one of these numbers,
21 and I would have the -- only the collecting part, and
22 the rest would be the call centre and other stuff?

23 Would that be mathematically -- or would that be
24 the correct way to do it?

25 M. YACKOUB: No, I don't believe so. The
26 numbers in the bar chart, those numbers you were
27 referring to were in figure 4-2 that we were
28 previously looking at --

1 M. GARNER: Yes.

2 M. YACKOUB: -- those were field collection
3 costs, not necessarily all collection costs.

4 M. GARNER: Okay. So were there other
5 collection costs done by an affiliate? Is that
6 affiliate doing field collection and other collection
7 costs?

8 Maybe the easiest way, if you don't recall, is
9 to do by undertaking. This is -- just take line 39,
10 customer success and collecting, and show us, for the
11 total here, how much of that is an affiliate and
12 whether that is a related affiliate like the company
13 and for each one of those years.

14 So what I am trying to figure out myself is how
15 much of this is internal, how much of it is an
16 affiliate. And there is some breakdowns, I know, in
17 some tables we asked, but I am not sure it breaks it
18 down this way because I think it goes by -- it
19 partially does it.

20 Because I see Ms. Bennett looking and saying, I
21 think I seen a table like that. And I thought I did
22 too, but I am not sure it does the same thing.

23 V. BENNETT: Yeah. So, Mr. Garner, that is in
24 response to interrogatory 4-X-130.

25 M. GARNER: Yeah, and I think that is in my
26 compendium. Are you referring to -- if you go to
27 page 73 of the compendium, is that what you are
28 referring to right there -- sorry -- page 73 of our

1 compendium?

2 V. BENNETT: Would you mind providing the tab
3 number, just because we don't have the page number.

4 M. GARNER: Oh, I am sorry. So it is on my tab
5 15, and it is about the fifth document in. It is the
6 -- I think the last document in -- or last document
7 in, I think it is. Last document in. So it is just
8 before tab 16.

9 And there is a table there with contracted
10 labour, but I am not sure it tells me the affiliate
11 part of that. And it doesn't -- it doesn't -- it
12 doesn't separate success from collecting. It
13 commingles them, if you know what I mean.

14 M. YACKOUB: Yes. Sorry. We were just speaking
15 if we had already -- or trying to decide if we had
16 already provided that or not, but we provided
17 collection and metering together for the affiliate,
18 not just collections.

19 So could you just restate what you are asking us
20 to do.

21 M. GARNER: So what I -- we could look at the
22 table at the IR response or the appendices.

23 But either way, what I am asking you to do is
24 take the amount for customer success and collecting,
25 divide it between the two, success and collecting as
26 two separate activities, and provide the amount --
27 provide separately the outside sourced amount versus
28 the internal amount and whether that outside source

1 is -- and how much is -- of a portion of that is to
2 an affiliate.

3 So I am just simply trying to establish
4 internally, external, and what amount of that
5 external is at the affiliates -- you are paying to an
6 affiliate.

7 M. YACKOUB: So would that supersede the
8 previous request in 3.5 because it includes that as
9 well?

10 M. GARNER: Sorry. What is 3.5?

11 J. VELLONE: I think I have the same question.
12 Is this a new undertaking, or is it just part of the
13 old one?

14 M. GARNER: This is the old one. I thought we
15 were just -- we were just clarifying the old one, is
16 what we were trying to do here. Right. Thank you.
17 Thanks for that help.

18 L. MURRAY: Is there a new undertaking here, or
19 just clarifying?

20 M. GARNER: No, they are just clarifying it. It
21 was my fault. I didn't realize you were giving us
22 the undertaking. Thank you. The next place I'd --
23 so thank you for that.

24 The next place I would like to go is to the --
25 this is tab 15, Ms. Bennett, and it is the third
26 document in. It is on PDF 71, for my friend's help.
27 It is the graph that was talked about yesterday, and
28 this is about accounts receivable over 30 days.

1 I just, first, have a technical question about
2 the graph. When I look at the graph, the best way to
3 ask this perhaps is does it end with the beginning of
4 24, or does it end with the end of 24, if you know
5 what I mean?

6 When I am looking at 12 months, is 24 the end of
7 the graph, or does it include 24?

8 M. YACKOUB: I believe, subject to check, that
9 it is the end. So the year marker is the end of the
10 year.

11 M. GARNER: So this includes the end of 2024?

12 M. YACKOUB: Correct.

13 M. GARNER: Thank you.

14 Now, what confused me about what you were saying
15 was -- if you look at your graph, and you were
16 talking about the 30 days in arrears, just eyeballing
17 it, you know, between '20 and '23, the graph really
18 kind of stays in the same elevated level, right, from
19 before. Kind of bumps up and down, but stays roughly
20 in that same level.

21 But then when I go and I go back to the
22 appendices of bad debt expense, '23's bad debt
23 expense I am trying to look at is much different than
24 '22's bad expense. So if I were using your logic of
25 seeing arrears are going up, I would have thought '22
26 and '23 would be kind of in the same place.

27 But when I go to your OM&A table, I go, oh, no,
28 it is not that way at all. It seems to be that the

1 bad debt went up a lot in '23, but not in '22.

2 So I don't follow your logic of, if you look at
3 the arrears, it is reflected in the actual bad debt.
4 It doesn't seem, between '22 and '23, really much is
5 changing, yet a lot is changing in the bad debt.

6 It is like 419 to \$1.1 million. So maybe you
7 can clarify why that is representative of the change.
8 It doesn't seem to be by just looking at it.

9 A. TANG: Mr. Garner --

10 M. GARNER: Yeah.

11 A. TANG: -- so I think as per yesterday, what
12 we were trying to describe to the panel and everyone
13 is that the billing and accounts receivable continues
14 to go up. We want to demonstrate that. With the
15 data you are seeing in this table, as Mr. Yackoub has
16 mentioned, it has been exponential.

17 In terms of bad debt it is a calculation based
18 on historical expected credit loss rate for each of
19 the buckets within the AR balance. For example, 30
20 to 60 days, 61 to 90 days.

21 So we go by different buckets and prior
22 experience for each bucket, the success probability
23 for each bucket, to come up with the bad debt.

24 M. GARNER: But that methodology is used in '22
25 and '23, and what you are reporting is an actual bad
26 debt amount for each one of those years. So
27 irrespective of your methodology -- your methodology
28 doesn't change.

1 So your results are changing, and your arrears
2 aren't changing, so it still doesn't seem to me to
3 follow that the arrears is what is driving the
4 change.

5 A. TANG: If we go back to the table that you
6 were looking at under updated 2-JC.

7 M. GARNER: Mm-hmm.

8 A. TANG: The '23 and '24 reflects that trend.
9 It has gone -- they have gone up. For '21 and '22,
10 COVID years, and I believe the -- within Oshawa
11 Power, there was no -- there was no adjustments that
12 were made to those balances.

13 I think that was a decision from an accounting
14 standpoint that did not get reflected. But from '23,
15 '24, '25, '26, they are -- they tie back to the trend
16 that we are showing here.

17 M. GARNER: I am not sure I understand. But let
18 me ask you another question. Is there any other
19 reason arrears would go up? Arrears is 30 days;
20 right?

21 I mean, I am guilty, I have not paid my bill
22 once in 30 days or more. A lot of people have
23 arrears. Is there any other reason arrears might go
24 up, like inflation, people having a hard time paying
25 a bill, cash flow issues, part of inflation? Do
26 arrears go up for macroeconomic reasons?

27 M. YACKOUB: Just for clarity, when you say "is
28 there any other reason" --

1 M. GARNER: Yeah, that your arrears might be
2 going up. Other than bad debt, the relation to bad
3 debt. Just that you are having a lot more 30-day
4 outstanding bills. You are collecting, you are
5 collecting in 60 days, right, and that sort of thing.

6 Do you do that analysis that there might be
7 shift to people paying their bills in 60 days rather
8 than 30 because of cash flow issues, you know,
9 different problematic issues like out of COVID,
10 people unemployed, et cetera, et cetera? But they
11 pay their bills.

12 Because I am just raising this issues. You made
13 a point in your evidence I raised in my opening
14 statement, that predominantly, let's say, lower
15 income people are paying their bills, but they -- you
16 know, I know my clients, some -- my clients have some
17 cash flow problems sometimes. They pay their bills
18 sometimes a bit late, but they pay their bills.

19 So I am just not sure what study you have done
20 to actually correlate arrears of 30 days to anything
21 in bad debt, other than you have got a graph and an
22 explanation I am not quite sure I understand about
23 how it is moving in that direction.

24 M. YACKOUB: Sorry. I think -- well, just give
25 me one second, please.

26 Yeah. Apologies. Just for clarification, I
27 think your implication in the question is that
28 arrears is caused by bad debt. That is not the case.

1 As Ms. Tang was explaining --

2 M. GARNER: No, that is not -- that is not --
3 arrears is not caused by the -- I thought the other
4 way around, which you were saying --

5 M. YACKOUB: That is right.

6 M. GARNER: -- the arrears is a leading
7 indicator of the bad debt, that there is a
8 correlation between the arrears -- change in arrears
9 and the change in bad debt.

10 Isn't that your stipulation? Isn't that what
11 you are stipulating to the board? Look at my
12 arrears, look at my bad debt, they are moving up
13 exponentially, as you are pointing out.

14 M. YACKOUB: That is right.

15 M. GARNER: And I am saying other than your
16 graph, I mean, have you done any real study that says
17 30-day arrears increases are related to the bad debt,
18 or perhaps the bad debt is related to the inability
19 of your affiliate to collect the debt?

20 M. YACKOUB: Sorry. I know you just said you
21 acknowledge what Ms. Tang said, which was that the
22 bad debt calculation is based on the arrears, the
23 buckets, but then at the end, you said that arrears
24 is based on bad debt. So just to clarify my answer,
25 I just want to start with that.

26 M. GARNER: Go ahead. Go ahead. You go ahead.

27 M. YACKOUB: So the AR is, as you said, part of
28 the calculation of bad debt. And so I think the core

1 of your question is what is the cause of the bad
2 debt, and what is the cause of the arrears going up
3 exponentially, and could it be macroeconomic factors.

4 And I believe that is, in fact, what we said in
5 one of the interrogatories and in the original, that
6 we attribute this to macroeconomic factors.

7 M. GARNER: Well, maybe I should ask it this
8 way: Is a 30-day -- Ms. Tang, is a 30-day arrear a
9 bad debt? It is a simple yes or no. Is a 30-day
10 arrear a bad debt, yes or no?

11 A. TANG: Depending on the -- unfortunately, I
12 can't say yes or no right away because it depends the
13 way -- the way we calculate is look at historical
14 trends. So "not necessarily" is my answer.

15 M. GARNER: Mm-hmm. Okay. Thank you. Let's
16 move on to some other issues that I just -- following
17 up from the other stuff.

18 Ms. Bennett, other than your CEO, Mr. Arbour,
19 who is not here, are we missing one other executive,
20 Ms. McFarland? Is she your HR, director, people
21 culture person?

22 V. BENNETT: Yes, she is. I would say we are
23 missing two of our executives, herself, as well as
24 our director of marketing and communication.

25 M. GARNER: Ms. McHugh?

26 V. BENNETT: That's right.

27 M. GARNER: Thank you.

28 V. BENNETT: Yes.

1 M. GARNER: Is Ms. McFarland indisposed to be
2 here? Is there some reason she is not here? I just
3 -- I don't want to be hard on anybody who can't be
4 here, so...

5 V. BENNETT: Yes, she was not able to attend.

6 M. GARNER: I see. And so I guess we are not
7 able to really -- when you were talking about the
8 vacancy rate, and as I understood your conversation
9 with Mr. Gluck, he stipulates or he theorizes that
10 most utilities will put in a vacancy rate as part of
11 their budgeting and was challenged on whether that is
12 in evidence, and he said, no, he doesn't have it.

13 What I am wondering is -- I guess you wouldn't
14 know. I guess I would have to ask Ms. McFarland if
15 she budgets an attrition rate in her budgeting.
16 Because you -- do you do her budgeting?

17 V. BENNETT: So our budgeting is prepared by our
18 finance department and --

19 M. GARNER: Does Ms. McFarland give you input
20 into that budget, Ms. Tang?

21 A. TANG: That is correct.

22 M. GARNER: Thank you. Does she give you input
23 about attrition rates in her budgets of HR?

24 V. BENNETT: So, Mr. Garner, as I noted to Mr.
25 Gluck, we haven't included that. So that hasn't been
26 included in the budget. What we have included is the
27 positions that we need, as I explained earlier. And
28 --

1 M. GARNER: I think I understand your evidence.
2 I am actually challenging your evidence. I think
3 that is why we are here. I am challenging that, in
4 fact, the -- there may be the fact that you actually,
5 as a budgetary matter, do exactly what you are not
6 doing as a regulatory matter.

7 V. BENNETT: No, Mr. Garner, it is the same
8 budget.

9 M. GARNER: I see. So you don't account for
10 retirements or potential retirements in your budget
11 and don't do any that budgeting? That is your
12 evidence to the board?

13 V. BENNETT: So we include the budgets for the
14 positions. I did highlight on Day 1 that the vacancy
15 rate or the turnover that we have experienced has its
16 own cost as well. So when we are -- we have a vacant
17 role, we have to find a way to fill that, train up
18 that person. So those have real costs --

19 M. GARNER: Yeah, that is a fair point.

20 Let me move on to another question. And
21 unfortunately, Ms. McFarland isn't here.

22 I have heard a lot here about -- and I wasn't
23 here for the earlier part -- about similar wages and
24 losing people, et cetera. Are you aware of something
25 called an "exit interview" when people leave a
26 company?

27 V. BENNETT: Yes. And we actually refer to --

28 M. GARNER: You do exit interviews?

1 V. BENNETT: Yes, we do exit interviews. And we
2 referred to -- I actually referred to that in my
3 opening statement, that burnout has been cited.

4 M. GARNER: So in the last five years, have you
5 done exit interviews to break down the people who
6 leave your company into the categories of those who
7 leave to other LDCs, similar places, those who leave
8 to other corporations not related to a utility, those
9 who retire, and these who are terminated?

10 Does your HR department do that? And provide a
11 report each year about that so that you have data as
12 to the difference between the theory of people doing
13 things and the actuality of what is done?

14 V. BENNETT: So we don't have that material in
15 the evidence. I would have to confirm whether we
16 have that -- I don't have that information and -- or
17 if -- whether it is recorded in that level of detail
18 in the exit interviews.

19 M. GARNER: Yes. Unfortunate Ms. McFarland
20 isn't here. But let's just -- I think I am just kind
21 of getting to -- well, here is a question that is
22 just about timing.

23 The Korn Ferry thing -- and I don't want to --
24 definitely don't want to hear anything about anything
25 that was talked about in the room while I wasn't
26 here.

27 But the study is February 2023, I recall. Was
28 Ms. McFarland at the -- Oshawa Power in her role at

1 that time? Just do you happen to know that?

2 J. VELLONE: Help me with relevance. The
3 witnesses here are available to speak to the evidence
4 that is filed to the board, including the FTEs, HR-
5 related evidence.

6 M. GARNER: I just simply want to know if Ms.
7 McFarland may have had conversations with Korn Ferry
8 because she was there at the time. She is the HR
9 person, and it is relevant. It is unfortunate your
10 witness isn't here -- witness isn't here to answer
11 that but...

12 V. BENNETT: Yes, she was -- she was at Oshawa
13 Power --

14 M. GARNER: Okay.

15 V. BENNETT: -- at the time of the study.

16 M. GARNER: Thank you.

17 I want to talk about your board of directors
18 now. And I have an interrogatory, and let me just
19 see if I can find it, where we ask about the change
20 in the compensation of the board of directors.

21 Bear with me. I think it is at tab 18. And it
22 is the second slide. And I thought, Ms. Bennett,
23 this was in evidence, but it may have happened in
24 other places, so I am going to ask -- it may have
25 happened other places.

26 The director's fees went up. They more than
27 doubled. Now, just two things. One, was there -- do
28 you know if there was an increase in the number of

1 directors in that period between '21 and '26? Is
2 that what I am looking at when I see the doubling of
3 director's fees?

4 A. TANG: There was. There was.

5 M. GARNER: There was. Do you happen to know
6 the number increase, just so I can match it up
7 myself? Do you happen to know how many -- how many?

8 A. TANG: I do not have the number, but I can
9 undertake.

10 M. GARNER: You know what, I don't think that is
11 really necessary. I don't want to put you to work
12 you really don't need to do.

13 Could you just -- I think this is the thing I
14 thought was in evidence. The board of directors are,
15 as I understand -- and maybe you confirm or correct
16 me -- are not paid per diem; they are paid kind of a
17 salary? They are not paid per meeting; they are paid
18 some other way?

19 A. TANG: Yes, they were not paid per meeting.

20 M. GARNER: They are just paid the amount per
21 year or whatever; right? Okay. Thank you.

22 A. TANG: Yes. Per year. Yes. They are
23 capped.

24 M. GARNER: Yeah, yeah. Okay. Thank you for
25 that.

26 And while I have you talking to things, and this
27 is, like, really wrapping up many other things. We
28 are talking about the building, and I am rude to

1 bring it up again, but we were talking about the
2 financing a little bit. And our Chair was saying,
3 you know, interest rates are going down, good thing
4 for things --

5 But that just brought me -- it was a good,
6 interesting question because it got me thinking about
7 this: When and if the ICM stuff comes, you are going
8 to need to borrow money for the building; right?

9 You are going to make a big change to that, that
10 that is going to be -- and that will affect -- I am
11 not saying it will affect the rates now, but that
12 will affect your overall average borrowing rate in
13 some fashion; right? It is a pretty big amount of
14 money.

15 A. TANG: It will have an impact, correct.

16 M. GARNER: Yeah. It is large, though -- what I
17 am trying -- the magnitude is fairly large, though,
18 compared to your current borrowing, isn't it?

19 Have you done any analysis about that, like, in
20 the sense of how big of a -- you know, a tranche you
21 need to really get out and go get?

22 A. TANG: It is roughly 30 to 40 percent of our
23 current existing.

24 M. GARNER: Right. Okay. So it will have a
25 fairly big impact. Okay. Thank you.

26 You will be happy to hear, I think, I am almost
27 done. But here is something, I think -- it is not so
28 much a question, but it is, I think, important from

1 my perspective.

2 Often when we get to this stage, we are all
3 going to go away and write an argument, and I wanted
4 to give you a chance to understand something that is
5 in my mind and let you react to it.

6 Now, you have made a case that you do not have
7 an ICM in front of this board, and I take that point.
8 But one thing I did notice in your application, and I
9 think this is normal, but I do notice in all
10 applications, is you were asking for cost of service
11 rates for 2026; right? But you are asking for
12 something else too, aren't you?

13 Aren't you asking the board to give you five
14 years on a rate plan? I mean, it doesn't say that, I
15 think, because you are assuming it because it is part
16 of the framework; right? But you need the board to
17 give you the permission for five years; right?

18 V. BENNETT: Yes. Following the IRM approach.

19 M. GARNER: Yeah, following the IRM approach.

20 So it is within this panel's ambit, so to speak,
21 if they were to find that you had not made enough
22 accommodation in your cost structure to deal with
23 what is known to be a very, very large investment, to
24 actually limit the amount of time you are able to
25 stay on these rates until it is able to give you the
26 opportunity to come back and do something with your
27 application to accommodate that? They could do that;
28 right?

1 J. VELLONE: That seems to be a question of law
2 argument, the panel's jurisdiction, that I am not
3 sure fact witnesses are best -- most appropriate --

4 M. GARNER: I am not asking Ms. Bennett to -- on
5 the law. I am just asking her to say, as the person
6 who runs regulatory, you know, you would have to go
7 back and do an application and look at it, wouldn't
8 you?

9 J. VELLONE: My objection stands.

10 COMMISSIONER MORAN: So, Mr. Garner, if I
11 understand your question, I think, are you asking if
12 we, as a panel, could decide on base rates at a one-
13 year IRM term or a two-year IRM term or a three-year
14 IRM term? Is that what you are --

15 M. GARNER: Well, more what I am asking Ms.
16 Bennett is what would be the implication to her of
17 that so you could hear what that might mean to the
18 utility so that you could understand the consequence
19 to the utility of what they might have to do to
20 accommodate that rather than, you know, deal with --

21 J. VELLONE: I will get out of the way if that
22 is the question. That is a different question.

23 COMMISSIONER MORAN: That is fine, Mr. Vellone.
24 I was just -- I was going to suggest that perhaps
25 that is a bit speculative.

26 I mean, without knowing what the decision is
27 going to be, it would be difficult to opine, I think,
28 on the many variations that are possible so --

1 But Mr. Vellone is okay with the question.

2 Let's see where it takes us.

3 M. GARNER: So I am trying to figure out, like,
4 what you would have to do as an application to kind
5 of review your rates. Do you have an idea of how you
6 might do that with your -- with the building, I am
7 saying?

8 J. VELLONE: Sorry. I didn't understand that
9 was the question. I thought you asked them, if the
10 panel makes a decision in a few months to make a cut,
11 what is the implications of that on the business?

12 It is a bit speculative because you don't know
13 what the cut is. I think they can speak to that.

14 M. GARNER: Well, what I was actually wondering
15 was how the Applicant would try and deal with if the
16 board directed them to come back -- made whatever
17 decision they made on the current rate and then asked
18 them to come back with their other application with a
19 new cost of service adjustment to that rate that
20 includes the building, what would that encompass for
21 the Applicant?

22 COMMISSIONER MORAN: In other words, something
23 less than a five-year term.

24 M. GARNER: Yeah, something less than a five-
25 year term. How would they -- how would they try and
26 address that?

27 But, I mean, if it causes grief, I think the
28 point is made. So, I mean, I am just trying to give

1 the Applicant an opportunity to say something that
2 might come out in argument, be easier to discuss with
3 here. But if it is objectionable, I don't have any
4 problem with --

5 J. VELLONE: I will say I am not sure we
6 contemplated all the permutations.

7 COMMISSIONER MORAN: I think it -- I think it is
8 a question for argument. I think that -- I would
9 suspect that the Applicant would say, no, we want the
10 five-year term --

11 M. GARNER: No. I suspect they will too. I was
12 simply trying to give them the best opportunity to
13 put on the record whatever they want about that
14 before we get it just into argument. But that's --
15 and that is fine.

16 J. SHEPHERD: I'm sorry. I wonder if I could
17 make a submission on that, Mr. Chairman. We also
18 expect to be making a submission as to a shorter IRM
19 period. And it appears to me that if the Applicant
20 can comment on what the consequences of that would
21 be, that would be helpful in informing what we put in
22 our argument and how the board deals with our
23 argument in that case.

24 If they say, we don't know, we have no idea what
25 the consequences would be, that is fine. But I think
26 it is fair to answer the question, what would be the
27 consequences of that?

28 COMMISSIONER MORAN: Well, Mr. Shepherd, I think

1 if -- let's just posit a hypothetical argument from
2 an intervenor that 2026 rates should be set, and then
3 you should apply for another -- on another cost of
4 service basis in '27.

5 I think the only consequences are, if that is
6 what the board ended up ordering, is that you are
7 going to have to do another application and go
8 through the agony of another cost of service hearing.
9 I am not sure what more you would expect the
10 witnesses to be able to say beyond that.

11 J. SHEPHERD: Well, so --

12 COMMISSIONER MORAN: It is a repeat of this
13 process with a new set of data; right?

14 J. SHEPHERD: Well, I -- that could well be the
15 answer, and if that is the answer, that is fine. But
16 I would have thought the answer would be, well, we
17 will have to relook at our 2026 budget because it
18 assumes that we implement everything right away.

19 And if we only have that money for one year and
20 then we don't know what we are going to have, we
21 might have to have a different approach.

22 M. GARNER: I think that is the point, Mr.
23 Chair, is I was wondering, I guess, you know, if the
24 board is moving incrementally, then the utility must
25 do so also; right? And -- or may not, but takes a
26 risk on if it doesn't.

27 And, therefore, what -- you know -- but, again,
28 if they don't have an answer to that, to my mind,

1 they don't have an answer to that, right.

2 COMMISSIONER MORAN: Ms. Bennett, do you want to
3 opine on this, or would you prefer to wait until
4 argument?

5 V. BENNETT: I would prefer to wait to argument.
6 I would just note we would follow direction provided
7 by the OEB in its decision.

8 COMMISSIONER MORAN: Well, that is good to hear.
9 So moving on. Mr. Garner.

10 M. GARNER: Thank you for your indulgence,
11 though.

12 I did have -- and, again, sorry I am jumping
13 around, but I did have one other thing as I went
14 through the note. And it is a bit awkward to ask
15 you, Ms. Bennett, so with apologies, again, if -- if
16 -- anyways, let me just ask the questions.

17 My observation in doing many, many, many of
18 these types of applications of a utility your size,
19 you said you had a regulatory department of five?

20 V. BENNETT: That is correct. I have a team of
21 five.

22 M. GARNER: Yeah. And I am sure you think that
23 team is much too small for the amount of work I see
24 in front of us already.

25 So with apologies, though, I often see utilities
26 of your size use a different strategy, which is they
27 have a smaller reg department, then they outsource
28 applications because the work is kind of lumpy.

1 The decision to internalize a fairly large, in
2 my opinion, but you may -- I am sure you disagree
3 because you have to do the work -- a fairly large
4 internal regulatory department, who makes that
5 decision?

6 Was that made by the CEO and HR, or was that
7 made when you came aboard? You decide -- that's your
8 decision to make?

9 V. BENNETT: It was established before I
10 arrived, but I do want to highlight that my team
11 doesn't do only regulatory.

12 Under regulatory, we do -- so I will allow Ms.
13 Filion to explain her -- what she does and her staff.
14 In addition to the regulatory, we also have the
15 manager of sustainability. And we also have the
16 senior contract specialist.

17 And then maybe I will pass to Ms. Filion to talk
18 about what her staff team of two cover under her.

19 M. GARNER: Thank you.

20 L. FILION: Thank you.

21 And under my direction with myself, I have two
22 staff, and we are responsible for all of the
23 regulatory accounting on a monthly basis. We are
24 also responsible for IESO settlements and various
25 other analysis as well as sitting in and following
26 the different policy initiatives that are ongoing,
27 trying to keep up to speed with everything, and
28 disseminating that information throughout the

1 organization.

2 M. GARNER: Yeah, the board puts out a lot of
3 stuff, so I have -- you have my sympathies.

4 Okay. I think -- I am just looking quickly at
5 this. I think those are all my questions, and if I
6 don't, on the last part, have it, thank you very much
7 for all of the help you have given me.

8 COMMISSIONER MORAN: Thank you, Mr. Garner.
9 Mr. Murray.

10 L. MURRAY: It is actually Mr. Hobbins, my co-
11 counsel.

12 COMMISSIONER MORAN: I am sorry?

13 L. MURRAY: Mr. Hobbins will be asking
14 questions.

15 COMMISSIONER MORAN: Oh, okay.
16 Mr. Hobbins then.

17 **CROSS-EXAMINATION BY T. HOBBS**

18 T. HOBBS: Good afternoon, panel. If you just
19 bear with me, I am trying to get my ducks in a row.
20 Most of the questions that staff has on this topic
21 have been covered so far, but I will begin discussing
22 the number of FTEs and vacancies.

23 As discussed earlier, you would agree that the
24 OEB approved 91 FTEs for Oshawa Power in 2021; is
25 that right?

26 V. BENNETT: Mr. Hobbins, that is not quite
27 correct. We received approval for a funding envelope
28 for OM&A, and it wasn't specifically for staff. It

1 was for an overall envelope that we needed to manage
2 to run the business.

3 T. HOBBSINS: That is correct. But do you agree
4 that there was a number within the OM&A budget of
5 91.4 FTEs?

6 V. BENNETT: I do agree.

7 T. HOBBSINS: And as you explored with Mr.
8 Shepherd, Mr. Gluck, and others, Oshawa Power has
9 hired below the OEB-approved number of FTEs between
10 2021 and 2025; is that correct?

11 V. BENNETT: Oshawa Power has hired below the
12 number 91.4. But, Mr. Hobbins, I would stress that
13 the OEB did not approve the number of FTEs, as I
14 noted.

15 T. HOBBSINS: Thank you.

16 And Oshawa Power now proposes 97 FTEs in the
17 2026 test year as per Appendix 2-K; is that correct?

18 V. BENNETT: Yes, that is what Appendix 2-K
19 notes.

20 T. HOBBSINS: And based on your IR responses and
21 some of your statements over the past couple of days,
22 the proposed reasoning for the historical
23 underachievement in FTE count was due to vacancies as
24 a result of the pandemic, turnover, and other
25 reasons? Is that -- would you agree with that
26 statement?

27 V. BENNETT: I would agree with the -- those as
28 reasons why we didn't have 91.4 FTEs. But I don't

1 agree with the achievement of FTEs.

2 T. HOBBINS: As in --

3 V. BENNETT: Is that the term you used?

4 T. HOBBINS: As in the number wasn't fulfilled
5 over the course of 2021 to 2025?

6 V. BENNETT: We did not have 91.4 FTEs in that
7 time.

8 T. HOBBINS: Okay.

9 Mr. Gluck also covered most of our other
10 questions with respect to vacancies. However, we
11 would ask if you can undertake to provide your best
12 estimate or projection of the vacancy rate for 2025.
13 Would you be able to do that?

14 V. BENNETT: I am just going to make sure that
15 this information isn't already on the record.

16 T. HOBBINS: Sure.

17 V. BENNETT: Or actually, let me just update an
18 interrogatory. It was 4-X-142. If we can just turn
19 to that, please. Okay. So if we can just go down to
20 -- it is actually page 76.

21 So I would note this is a table where in July,
22 we provided an update to open and vacant roles. I
23 will just update this. There were two roles that
24 were noted to be -- that were -- had not yet been
25 filled at this time.

26 The meter technician has since been filled. The
27 manager stations and P&C remains unfilled, and that
28 is the only vacancy at this time.

1 T. HOBBS: Okay. Thank you, Ms. Bennett.

2 That will be sufficient.

3 I would like to move on to some more specific
4 questions about the roles that Oshawa Power proposes
5 for 2026. In your application, you propose various
6 new roles including the director meter to cash,
7 manager of governance, business analyst, and supply
8 chain analyst. Is that correct? This would be
9 around Exhibit 4, 80, 81, and 88 pages.

10 V. BENNETT: Yeah. So I just wanted to write
11 down the specific roles because some of them are
12 already filled. So the first one you said was
13 director meter to cash?

14 T. HOBBS: Yes.

15 V. BENNETT: And --

16 T. HOBBS: And sorry, we won't be pursuing any
17 questions on vacancies. We are just talking about
18 the roles generally.

19 V. BENNETT: The roles generally, okay. So I
20 would just highlight that we provide an update of the
21 added and eliminated roles as of July also in these
22 interrogatories. So we had that full table. I
23 believe that is what you are referring to?

24 T. HOBBS: Yes.

25 V. BENNETT: Okay. So maybe just to turn this
26 up, it is in interrogatories of Exhibit 4, page 18.
27 Yeah. And if we scroll down, Mr. Hobbins, you
28 referring to roles that are within the administrative

1 and general department, it sounded like.

2 T. HOBBS: Yes. That is correct.

3 V. BENNETT: Oh, apologies. The meter to cash,
4 it was actually within customer service. And that
5 role is already filled.

6 T. HOBBS: Okay. And with respect to the
7 roles that I had mentioned, the director meter to
8 cash, manager of governance, business analyst, and
9 supply chain analyst, you propose that the
10 introduction of these new roles will produce
11 efficiencies or savings?

12 V. BENNETT: Okay. So we will just break that
13 down one by one. So the governance manager.

14 A. TANG: I can start. For the manager of
15 governance and risk management, as I have described
16 earlier, that will be a risk-based role where the
17 person will be focused on making sure that we have
18 the right governance and risk management oversight on
19 a day-to-day basis. So that is a continuous effort.

20 For the second role, supply chain analyst, that
21 will be under my portfolio of procurement. The
22 intention of that -- the intention of that role is to
23 make sure that he or she could support my supply
24 chain manager to continue to look for savings
25 opportunities with our vendors, as well as manage all
26 the new directives that we have -- that have come our
27 way from a procurement standpoint, and also making
28 sure that we have the right sufficient level of

1 inventory and safety stock, which is -- which have a
2 bigger scheme to make sure that we have a reliable
3 electricity for our customers.

4 V. BENNETT: And I will just ask Mr. Yackoub to
5 speak to the business analyst role.

6 M. YACKOUB: Sure. And I can speak about the
7 director of meter to cash as well. So I will start
8 with that one, if that is okay.

9 So in interrogatories for Exhibit 4, we spoke
10 quite a bit about the director of meter to cash in 4-
11 150, 4-STAFF-150, and the reason that we added that
12 role -- and that was actually a movement of an
13 existing employee.

14 The reason we added that role was because of
15 some of the issues that we have highlighted in the
16 cost of service application around the contact
17 centre, around call handling times and customer
18 satisfaction, collections, bad debt.

19 And we consolidated meter to cash just so we
20 could put a greater focus on some of these issues to
21 resolve them. And that is under the director of
22 meter to cash.

23 T. HOBBS: Okay. Thank you. So based on the
24 responses, would it be fair to say that the roles are
25 proposed -- that are being proposed are being
26 proposed because they would produce efficiencies or
27 savings within Oshawa Power?

28 As a general statement, is that something you

1 can agree to? This is applicable to all the roles
2 that everyone has just discussed.

3 M. YACKOUB: Yeah, I don't think you could make
4 a general statement and say that is the purpose of
5 the roles is to introduce efficiencies. But
6 certainly the purpose of the roles is to solve
7 problems, and some of those problems may be
8 efficiency problems.

9 T. HOBBS: Thank you.

10 V. BENNETT: I did want to highlight that in
11 that table, there are also roles related to O&M,
12 particularly related to powerline technicians, SCADA,
13 P&C, as well as PMEs.

14 And so if you look at that table, the 109B, you
15 can see the split with those. They are to do the
16 work that we need to get done. So maybe we can just
17 quickly pull that up just so that is clear.

18 Yeah. So just the top half of this table, I
19 just want a highlight of the new roles identified in
20 2025. Half of them are within O&M for the roles I
21 described - I just described.

22 T. HOBBS: I think what staff is looking for
23 is some sort of quantitative representation of the
24 efficiencies from the four roles. And we are
25 wondering if you could undertake to provide that.
26 Perhaps as an addition to an existing table.

27 J. VELLONE: I am struggling with the premise of
28 the question because I thought I just heard the

1 witness say it is not for efficiencies, it is for
2 other reasons. Please, if I got it wrong but...

3 T. HOBBS: We would say that it is both, and
4 that sort of came out in the answers from the
5 witnesses. So to the extent that there are any,
6 could a table be provided with that?

7 We are proposing Appendix 2-K with line item
8 additions for each of the roles, showing the savings
9 or the cost savings associated.

10 COMMISSIONER MORAN: Mr. Vellone, I think what I
11 heard, and subject to correction, I think Mr. Yackoub
12 indicated that it wasn't just for efficiencies. That
13 there may be other advantages, but there was some
14 efficiencies as part of the strategy.

15 J. VELLONE: Okay. So then what are you
16 measuring efficiencies against? Relevant to what?
17 You are adding a new FTE. What are you measuring
18 against?

19 COMMISSIONER MORAN: Well, maybe Mr. Yackoub
20 could let us know what he means by that.

21 M. YACKOUB: So I can clarify or, I think,
22 reiterate what I said previously. I said that the
23 staff are hired to solve problems.

24 So, for example, call centre customer
25 satisfaction scores would be a problem. It would be
26 very difficult to put a number to that. Presumably
27 if we addressed some of those issues, we would lower
28 the potential number of CSRS we would have to hire.

1 You know, it is difficult to put a number
2 because you could solve a problem with brute force,
3 meaning I could throw a hundred call centre agents at
4 a problem, or I could solve it with putting in proper
5 management and oversight.

6 So I think I understand what you asking me. I
7 just don't know how I would produce anything
8 meaningful from the information we have. Does that
9 make sense?

10 T. HOBBS: So for that role, at least, then,
11 you are saying that we can't quantify in any sort of
12 dollar amount?

13 M. YACKOUB: I am saying it would be difficult
14 to give you a meaningful quantification of
15 efficiencies. As I have said in the business
16 transformation program in general, what we are trying
17 to do is avoid increased costs, but it is difficult
18 to quantify that first until you go through the
19 exercise of, you know, analyzing business processes
20 and trying to make them more efficient.

21 And it is difficult to quantify all the other
22 different, worse ways we could do it; whereas doing
23 it the better way is cheaper.

24 So for, I would say, generally across all the
25 roles, it is very difficult to quantify it in this
26 context, what efficiencies would be introduced by
27 hiring people to solve an organizational problem.

28 T. HOBBS: Thank you.

1 A. TANG: If I may add as well to that.

2 For example, the governance manager, it is very
3 difficult for me to quantify because the person will
4 be looking at all four sets of the organization. It
5 is very hard to quantify what could go wrong. It
6 could be anything.

7 T. HOBBS: Okay. Let's move on to the supply
8 chain analyst role in particular. If I could ask,
9 how many FTEs currently take on the responsibilities
10 that the supply chain analyst will fill in 2026?

11 A. TANG: Within the supply chain team, I have a
12 supply chain manager, I have a buyer, and an
13 assistant store manager. When I say "store," the
14 store would be anything that we park, any parts that
15 we park at the -- at the operations facility.

16 T. HOBBS: And has Oshawa Power reviewed the
17 time allocated by current staffing to fulfill the
18 responsibilities that the supply chain analyst will
19 undertake?

20 A. TANG: I do not have -- I do not have that
21 quantified, but I do want to bring you back to the
22 workforce optimization review that we have had, and
23 the supply chain analyst is one of the
24 recommendations.

25 It is actually -- if I could bring you to page
26 73 of Exhibit 4. So the supply chain management
27 analyst is recommended to assist with best practice,
28 as I mentioned earlier, as well as strategic

1 sourcing.

2 T. HOBBINS: Sorry. So just to confirm, was a
3 review undertaken or not?

4 A. TANG: I don't understand the undertaking.

5 T. HOBBINS: Has Oshawa reviewed the time that
6 was allocated by current staffing to fulfill the
7 responsibilities that are proposed by the new hire?
8 Did that review take place?

9 A. TANG: No. Other than this study and the
10 recommendation.

11 T. HOBBINS: Okay. Thank you.

12 Did Oshawa Power have a dedicated FTE for the
13 tasks contemplated by the GIS analyst role prior to
14 2023? We would be considering someone known as the
15 operations system specialist.

16 M. YACKOUB: Sorry. The first part of that
17 question was, was there anyone doing GIS work prior
18 to 2023? Is that correct?

19 T. HOBBINS: A dedicated FTE.

20 M. YACKOUB: Let me just confirm the year, but
21 there was previously an FTE. Sorry. Just finding it
22 in the materials. Please one second.

23 So, yes, there was a dedicated position prior to
24 2021. That position moved. But I would just note
25 that in this table, if you scroll down a little bit,
26 we have been filling this role with co-op students
27 since.

28 T. HOBBINS: And are you able to provide the

1 name of that FTE? Like, the formal role title? Is
2 that just the operations system specialist?

3 M. YACKOUB: Yeah. In table -- I am looking at
4 table 4-6 in the IRs. It was -- the name of the role
5 was the operations system specialist, and it says
6 "GIS" in brackets.

7 T. HOBBINS: And is it the case that that role
8 was combined with the manager, metering and
9 operations to form manager, metering and operational
10 data role as part of a process review in 2023?

11 M. YACKOUB: Not exactly combined. So there was
12 a manager of metering who exited, I believe, in --
13 prior to 2021 as well. This role was to replace that
14 manager of metering. And we did rename it.

15 The role has been working on GIS as well -- or
16 the individual in that role has been doing GIS
17 because it was the same individual. But the role was
18 not intended to combine the GIS analyst with the
19 manager of metering.

20 T. HOBBINS: The responsibilities, as you
21 mentioned, of the new GIS analyst role were
22 previously filled by the manager, metering and
23 operational data, and the engineering interns, the
24 co-op students. Is that correct?

25 M. YACKOUB: Yes. The manager was overseeing,
26 and the co-ops were doing much of the work.

27 T. HOBBINS: What analysis did Oshawa Power
28 undertake to determine that it needed an FTE for the

1 GIS tasks in 2026?

2 M. YACKOUB: So the GIS analyst is listed in the
3 staffing study that Ms. Bennett and Ms. Tang
4 mentioned. So there is that analysis. And then
5 informally, the work is also falling behind.

6 T. HOBBINS: And how did that analysis differ
7 from the previous process review that determined that
8 a GIS analyst was not needed in 2023 or 2021?

9 M. YACKOUB: Which analysis that determined the
10 GIS --

11 T. HOBBINS: Well, at some point, the role was
12 modified?

13 M. YACKOUB: Yes. So I think just there is a
14 distinction there between determining that the role
15 was not required and filling a different vacancy with
16 the person who was in that role.

17 So what we did was we filled a different vacancy
18 with the individual that was in that role, leaving
19 that role vacant. We tried to perform the duties
20 with the co-op students in the meantime, and now we
21 are trying to bring it back to how it was with a full
22 time -- somebody dedicated to GIS, which is something
23 that we also -- I mean, it is pretty critical to the
24 organization to have an up-to-date GIS that is being
25 kept up to date.

26 And there is analytics that could be coming out
27 of that that would be valuable for the organization
28 as well. So none of that is happening.

1 T. HOBBINS: Okay. Thank you.

2 I would like to move on to discuss pay
3 structure, and some of this has been touched upon
4 already. If we could pull up Exhibit K2.5.

5 Now, in your discussion with Mr. Gluck, you
6 established that there are issues with the allocation
7 of the incentive in the non-union portion of this
8 table; is that right?

9 A. TANG: Yes, that is right.

10 T. HOBBINS: But the remainder of the table, the
11 numbers pertaining to executives and the management
12 is correct; is that right?

13 A. TANG: Yes.

14 T. HOBBINS: If we can turn to SEC compendium at
15 page 50. This is volume 2.

16 V. BENNETT: Would you mind giving us the
17 evidence reference as well -- oh, it looks like page
18 121 of Exhibit 4 interrogatories.

19 T. HOBBINS: That is correct.

20 This is an excerpt from the variable incentive
21 plan. Based on this, would you agree that the range
22 of variable incentives on offer to management staff
23 is between 10 and 20 percent of base salary?

24 V. BENNETT: That is our policy, yes.

25 T. HOBBINS: Can you confirm whether that
26 incentive plan and the ranges disclosed within it
27 apply to executive roles?

28 V. BENNETT: Some of the executive roles have

1 different incentive levels, and those are part of the
2 proposed structure included in the Korn Ferry report.

3 T. HOBBS: Okay.

4 If we could turn back to the table. That is
5 K2.5. And so as you can see, staff has calculated
6 some percentage -- percentages of the incentive as a
7 percentage of the base salary for executives and
8 management.

9 We are interested in hearing some explanation
10 particularly about the incentive of 31 and 34 percent
11 for management in 2021 and 2022.

12 A. TANG: My apologies. I may have misspoken.
13 I also -- we are -- we were also going to review 2021
14 and 2022 management incentive and salary allocations
15 as well.

16 T. HOBBS: Sorry. So are you saying that this
17 table is not correct? It is not a good
18 representation?

19 A. TANG: Well, we would have to look into the
20 historical periods.

21 T. HOBBS: Can you undertake to reproduce a
22 table in substantially similar form with numbers that
23 more accurately reflect --

24 J. VELLONE: I think 3.1 -- J3.1 is -- it is
25 exactly that.

26 T. HOBBS: Could we expand that undertaking to
27 include all areas of the table? And could we also --
28 and sorry. Is that a yes?

1 A. TANG: Yes.

2 T. HOBBSINS: And could we also see an updated
3 table provided in response to SC1-AMPCO-1 -- that is
4 a pre-hearing -- pre-settlement conference question -
5 - to correct the errors that you mentioned in your
6 discussion with Mr. Gluck?

7 V. BENNETT: Yes, we can do that.

8 L. MURRAY: That will be Undertaking J3.6.

9 **UNDERTAKING J3.6: TO PROVIDE AN UPDATED TABLE**
10 **IN RESPONSE TO SC1-AMPCO-1 TO CORRECT ERRORS**
11 **MENTIONED IN DISCUSSION WITH MR. GLUCK**

12 T. HOBBSINS: Okay. I will round out my line of
13 questioning with two brief questions on the OM&A
14 facility's budget.

15 Oshawa Power stated in response to interrogatory
16 1-X-9C that it has budgeted its facility's capital
17 expenditure plan based on a reactive strategy that
18 captures what is absolutely necessary in order to
19 keep the existing facility functioning.

20 Given that the OM&A facility's budget is higher
21 than it has been in any previous historical year, did
22 Oshawa Power also develop its OM&A facility's budget
23 using a reactive strategy?

24 V. BENNETT: Mr. Hobbins, just to confirm, are
25 you referring to C about the capital budget?

26 T. HOBBSINS: Yeah, our understanding is that the
27 capital budget was developed on a reactive strategy.
28 So the question is whether or not the OM&A facility's

1 budget was also developed using this similar
2 approach?

3 V. BENNETT: If you could just elaborate what
4 you mean by "developed as a reactive approach."

5 T. HOBBINS: I suppose the question is how the
6 OM&A facility's budget was developed generally, if
7 you could provide some explanation as to that?

8 A. TANG: I will try to answer your question.

9 If I can refer you to the pre-settlement
10 appendix, part of the clarification question at CCC
11 1. There is a table that shows our existing OM&A
12 cost on the existing building. That is how we budget
13 based on -- based on historical actuals.

14 T. HOBBINS: Okay. Thank you.

15 Can you also provide or undertake to provide
16 examples or calculations showing how Oshawa Power
17 lowered its facility's OM&A budget, particularly
18 costs related to its administrative office, knowing
19 that it was moving facilities in 2027?

20 A. TANG: I just want to make sure we have
21 everything captured correctly. So right now in the
22 table, we provided an estimate under the new facility
23 at about 500K that will cover -- that -- the
24 intention is to cover maintenance, utilities, phone
25 system. These will continue. And we have also
26 proposed two deferral accounts for this purpose.

27 T. HOBBINS: Thank you. That will conclude my
28 round of questioning.

1 COMMISSIONER MORAN: Thank you, Mr. Hobbins.
2 Commissioner Zlahtic, I understand you don't
3 have any questions. Okay.
4 Commissioner Dodds.

5 **CROSS-EXAMINATION BY THE COMMISSION PANEL**

6 COMMISSIONER DODDS: Yeah, thank you.
7 In all these discussions with respect to
8 comparative base salaries on the Korn Ferry study and
9 so on in comparison to other utilities, on -- when
10 you give that base rate, base compensation rate, does
11 that include burden?

12 A. TANG: No, it doesn't.

13 COMMISSIONER DODDS: Do you know or can you
14 divulge what your burden is, and is there any
15 comparative values from other utilities?

16 I know they are fairly secretive from time to
17 time, but the ratepayers are going to pay for that
18 someday, and you are going to have to report it
19 somewhere.

20 A. TANG: Give us one second.

21 V. BENNETT: So we are pretty sure we have this
22 on the record, Commissioner Dodds. We are just
23 pulling it up.

24 COMMISSIONER DODDS: Thank you.

25 V. BENNETT: And this would be within Exhibit 2.
26 Okay. And if we can just turn to page 56, very
27 last page before the DSP.

28 COMMISSIONER DODDS: Okay. Does it actually say

1 the burden rate, though?

2 V. BENNETT: Yes. It was --

3 COMMISSIONER DODDS: Oh, here we go. 60
4 percent.

5 And how does that compare to other facilities,
6 or do you know that? Like, we have salary
7 comparatives. We have -- do you have any
8 comparatives that would burden -- would be compared
9 to other utilities in other districts?

10 A. TANG: No, we do not have that information.

11 COMMISSIONER DODDS: Would it be too much to ask
12 that we do get some sort of a comparison, or is that
13 going a little bit too far to ask you to do that, Mr.
14 Vellone?

15 J. VELLONE: My question is really for the
16 witness, how much effort really would be involved, if
17 it is going to be probative for the Commissioners.
18 That would be my question. Conscious that the
19 undertakings are due on Tuesday, I think.

20 COMMISSIONER DODDS: Yeah, if the -- it is too
21 much to ask. It is not going to help that much, but
22 it helps us compare. Because we are comparing your
23 burden -- your salary rates to other utilities, and
24 that would be something in the future we should be
25 including, I think, is what the burden is and
26 comparative studies.

27 Don't bother giving it for this time around, but
28 I think in the future, that is something that should

1 be included.

2 On your incentive payments, you mentioned
3 targets. Could you tell me what those targets are?

4 V. BENNETT: So what the targets are based on?
5 What you have to achieve to --

6 COMMISSIONER DODDS: Yes.

7 V. BENNETT: -- receive the target?

8 COMMISSIONER DODDS: Yes.

9 V. BENNETT: There is an interrogatory response
10 on that. Let me just pull it up.

11 If we can move to the Exhibit 4 interrogatories,
12 page 120. And it is the B part of the question, so
13 121. And this just provides the information here on
14 how the incentive pay is calculated, if we go just to
15 the bottom of the page, and this was set in 2023,
16 like the other resets we did, was that it is 85
17 percent based on corporate scorecard achievement and
18 15 percent on individual performance.

19 COMMISSIONER DODDS: Okay. On the corporate
20 scorecard, what does that include?

21 A. TANG: Our corporate -- our corporate
22 scorecard includes a number of categories mostly
23 aligned with the OEB metrics: ROE, EBITDA, SAIFI --
24 SAIFI and SAIDI, and customer voice -- customer
25 metrics.

26 COMMISSIONER DODDS: Okay. So it does include
27 ROE. Would it include dividends?

28 A. TANG: No, it does not include dividends.

1 COMMISSIONER DODDS: Okay. But it does include
2 beating ROE target?

3 A. TANG: By ROE, I was referring to EBITDA and
4 cash flows.

5 COMMISSIONER DODDS: But not ROE?

6 A. TANG: Not ROE. Apologies.

7 COMMISSIONER DODDS: Okay.

8 Probably a facetious question, but in the CEO's
9 compensation, even yours, would the outcome of this
10 rate case have any bearing on your bonuses?

11 A. TANG: No. My compensation is in line with
12 the targets that you are seeing.

13 COMMISSIONER DODDS: Okay. Thank you.

14 COMMISSIONER MORAN: Thank you, Commissioner
15 Dodds.

16 I have just a few clarification questions. I
17 just want to pick up on Commissioner Dodds' questions
18 around the burden rate, which I understand to be 60
19 percent.

20 And I am just -- how do you build that 60
21 percent? Like, what goes into that 60 percent? I am
22 kind of -- it is neither here nor there. I am sort
23 of used to seeing burden rates more in the order of
24 30 percent, but that is neither here nor there.

25 How do you justify 60 percent, I guess is -- I
26 would like to understand?

27 A. TANG: Certainly. It is a rate which
28 includes indirect costs, including benefits --

1 benefits, insurance, rent, and technology support.
2 And it is a metric that we follow on a monthly basis
3 to make sure that we are in line.

4 COMMISSIONER MORAN: Is there anywhere in the
5 evidence that shows sort of how you actually built
6 that, like, what were the inputs and values that you
7 used to -- that came to a conclusion that 60 percent
8 is fully justified in -- from your perspective?

9 A. TANG: Not the actual mathematical
10 calculation, but in the -- in our motion letter in
11 response to the motion to SEC, we have described the
12 indirect costs that goes into the burden rate.

13 COMMISSIONER MORAN: Okay.

14 I guess I am more interested in a numerical
15 breakdown rather than sort of a description of, you
16 know, input labels. I mean, if you just want to
17 undertake to provide that, that would be fine.

18 A. TANG: Yeah, we will have to. It is not in
19 the evidence.

20 L. MURRAY: That will be Undertaking J3.7.

21 **UNDERTAKING J3.7: TO PROVIDE A NUMERICAL**
22 **BREAKDOWN REGARDING HOW THE 60 PERCENT BURDEN**
23 **RATE IS BUILT**

24 COMMISSIONER MORAN: I think this question is
25 for you, Mr. Weatherbee, and it is about the
26 Lakefront services agreement, which I think you were
27 describing as an oversight.

28 Could you just pull it up? And my apologies. I

1 don't have the immediate reference notes, but...

2 J. SHEPHERD: Mr. Chairman, it is the last page
3 of our compendium, if that is easier.

4 COMMISSIONER MORAN: That is the one.

5 So I just want to make sure I just understand
6 what this agreement represents. This is an agreement
7 between Lakefront and an affiliate of Oshawa Power or
8 directly with Oshawa Power?

9 M. WEATHERBEE: So the agreement that is on the
10 screen here is between an affiliate and Lakefront.

11 COMMISSIONER MORAN: Okay. And you described it
12 as an oversight agreement.

13 So just to take the first category, capital
14 construction oversight, the -- is there an employee
15 of that affiliate who is providing that oversight, or
16 is it an employee of Oshawa Power?

17 M. WEATHERBEE: It is an employee of Oshawa
18 Power.

19 COMMISSIONER MORAN: Okay. So Oshawa Power is
20 providing the person who provides the oversight to an
21 affiliate, who then markets that on to Lakefront?

22 M. WEATHERBEE: The affiliate then provides the
23 service to Lakefront through -- yes.

24 COMMISSIONER MORAN: Right.

25 M. WEATHERBEE: Yes.

26 COMMISSIONER MORAN: And you are charging the
27 affiliate presumably the fully allocated cost of --

28 M. WEATHERBEE: That is correct. It is fully

1 allocated cost.

2 COMMISSIONER MORAN: All right.

3 And I see in here that it is to oversee time-
4 keeping records to ensure proper cost allocation for
5 five journeyman linemen.

6 M. WEATHERBEE: So it is a --

7 COMMISSIONER MORAN: Are those journeymen
8 linemen who are Lakefront employees?

9 M. WEATHERBEE: Correct. There is no trade
10 staff from Oshawa Power doing that work.

11 COMMISSIONER MORAN: So this isn't contributing,
12 I guess, to the shortage of linemen at -- and other
13 positions at Oshawa Power, because these are
14 Lakefront resources that are --

15 M. WEATHERBEE: Those are Lakefront resources.
16 That is correct.

17 COMMISSIONER MORAN: And would that be the case
18 for all the way through this agreement? Just take a
19 moment to take a look.

20 What I am interested in understanding is, like,
21 to what extent are Oshawa Power employees being
22 utilized to deliver all of the services here.

23 And you have answered the question for --
24 related to category 1, but I am also interested for 2
25 and 3.

26 Are there any operational staff employed by
27 Oshawa Power being provided to the affiliate in order
28 to provide the service to Lakefront?

1 M. WEATHERBEE: There is only leadership staff,
2 not operational staff, if that answers your question.

3 COMMISSIONER MORAN: When you say "leadership
4 staff," is that you?

5 M. WEATHERBEE: No.

6 COMMISSIONER MORAN: No. Who is that?

7 M. WEATHERBEE: That is a supervisor as noted in
8 the -- that is the one who is helping with the
9 timekeeping, the capital oversight, the operations
10 and maintenance oversight.

11 COMMISSIONER MORAN: All right.

12 M. WEATHERBEE: Because Lakefront is having
13 issues attracting those staff.

14 COMMISSIONER MORAN: Okay.

15 M. WEATHERBEE: So we are in collaboration, as
16 the OEB does want each utility to collaborate with
17 another utility to find some cost efficiencies. So
18 Lakefront is finding some cost efficiencies through
19 this as well.

20 COMMISSIONER MORAN: Okay. So just in
21 conclusion, then, how many Oshawa Power employees are
22 implicated in this services agreement?

23 M. WEATHERBEE: These are not -- these are not
24 full-time, but there would be -- so the total is --
25 but then, like I said, this is not full-time staff.
26 But there would be four people -- four persons
27 providing assistance to this contract on a -- on a --

28 COMMISSIONER MORAN: Along with -- along with

1 what they do within Oshawa Power?

2 M. WEATHERBEE: That is correct. I was trying
3 to calculate the amount of actual people that are
4 doing it.

5 COMMISSIONER MORAN: Okay.

6 M. WEATHERBEE: Yeah.

7 COMMISSIONER MORAN: No, that is helpful.

8 And maybe this is a question for you, Ms. Tang,
9 but when the fully allocated cost is being calculated
10 in order to collect that money from the affiliate,
11 does that include the 60 percent burden rate that we
12 talked about?

13 A. TANG: Yes. It only includes a 60 percent
14 burden rate, and there is no -- as I mentioned
15 yesterday, there is no markup on that.

16 COMMISSIONER MORAN: Yeah, okay.

17 M. WEATHERBEE: And maybe if I could just add
18 that the reason for the affiliate being utilized was
19 at the request of Lakefront.

20 COMMISSIONER MORAN: All right. Thank you.

21 Mr. Yackoub, I think my next questions are for
22 you, and it has to do with the collection activities
23 that are outsourced to an affiliate. And, again, I
24 am just trying to clarify, make sure I understand
25 everything that is going on around collection
26 activities.

27 So you talked about CIS automation in relation
28 to collection activities. Do I understand correctly

1 that those CIS automation activities are happening
2 inside Oshawa Power, or are they happening with the
3 affiliate?

4 M. YACKOUB: No. The CIS belongs to Oshawa
5 Power. And the automation activities are mostly
6 around sending letters automatically and tracking who
7 is in and out of certain programs and things like
8 that.

9 COMMISSIONER MORAN: Right. So that would be
10 something that the affiliate doesn't have to do
11 because it is being done automatically now?

12 M. YACKOUB: The affiliate wouldn't have done it
13 anyways.

14 COMMISSIONER MORAN: Anyway, okay. So the CIS
15 automation process is replacing human activities
16 within Oshawa Power; that is where we find the
17 efficiency?

18 M. YACKOUB: Yeah, I am sorry. Let me just
19 correct that. The affiliate was doing some of the
20 administrative work.

21 COMMISSIONER MORAN: Right.

22 M. YACKOUB: My apologies.

23 COMMISSIONER MORAN: Okay. So the affiliate
24 has, I guess, less work to do on that front and is
25 continuing to do the other collection activities that
26 you have engaged with them to do?

27 M. YACKOUB: Yes.

28 COMMISSIONER MORAN: Okay. And, again, you have

1 been taken through this. In 2024, the cost was about
2 204K, and 2025, it doubled to about 406K. That is
3 the cost of using the affiliate's resources; right?

4 M. YACKOUB: I was trying to confirm whether all
5 of it was -- oh, for the collection -- you are
6 talking about the bar chart?

7 COMMISSIONER MORAN: Yeah.

8 M. YACKOUB: I believe the majority of it, if
9 not all of it. I just don't exactly know if that is
10 all of it. So I think --

11 COMMISSIONER MORAN: Okay. And then --

12 M. YACKOUB: -- there is an undertaking for
13 that.

14 COMMISSIONER MORAN: All right. And then there
15 would be some cost associated with the CIS automation
16 aspect. There is a cost to that; right?

17 That would be part of the collection activity
18 cost, but that is in house because you are automating
19 things inside the utility; right?

20 M. YACKOUB: Sorry. Just to clarify, do you
21 mean part of the 400,000 would be for the automation?

22 COMMISSIONER MORAN: Well, I guess that would be
23 my next question.

24 M. YACKOUB: Oh, I see.

25 COMMISSIONER MORAN: I am just, first of all,
26 confirming that there is an actual cost to the CIS
27 automation process that is being used for collection
28 activities. There is some cost to that; right?

1 M. YACKOUB: So part of the capital cost for the
2 initial project in the CIS was to implement the
3 automation, yes, if that is what you mean.

4 COMMISSIONER MORAN: Yeah.

5 M. YACKOUB: And then just going back to --

6 COMMISSIONER MORAN: And then there would be
7 some annual costs, presumably, as well, licensing or
8 whatever else is involved in that. I am not --

9 M. YACKOUB: Yeah, definitely. For the CIS,
10 yes.

11 COMMISSIONER MORAN: And so --

12 M. YACKOUB: Just on that previous point, the
13 400,000 that you were referencing on the bar chart,
14 that is largely -- the increase is largely that we
15 are adding more teams to go out and do the
16 disconnections and to do the delivery letters. That
17 is effectively almost all of the increase.

18 The administrative back end has been the same
19 number of people that we have been using from the
20 affiliate.

21 COMMISSIONER MORAN: Right. Okay. So I guess -
22 - and maybe the undertaking already covers this, and
23 my apologies if I haven't tracked this, but the
24 406,000, whatever the -- that is currently being
25 spent, obviously you just explained most of it has to
26 do with the field teams that are out there
27 collecting.

28 And I guess my question is, is there a component

1 in that cost associated with the CIS, cost associated
2 with collection activities -- there isn't, okay.

3 M. YACKOUB: Sorry. No, those costs were for
4 field collection activities.

5 COMMISSIONER MORAN: Okay. That \$400,000,
6 whatever, that is currently budgeted for doesn't
7 include any reflection of the CIS costs that are also
8 being used for collection activities?

9 M. YACKOUB: Sorry. I just want to clarify,
10 unless I am misunderstanding, I think you are saying
11 is the affiliate using the CIS to lower the workload?
12 Is that what you mean?

13 COMMISSIONER MORAN: Let me just -- what I am
14 interested in understanding is what is the total cost
15 associated with collection activities, recognizing
16 that some of it is being done by an affiliate, some
17 of it is being done inside the LDC while using CIS
18 automation, call centre, back office. I would like
19 to know what the total cost is.

20 We understand, I think, quite clearly what the
21 cost is of using the affiliate, but is there -- is
22 there a way to understand what the total cost would
23 be including the affiliate cost?

24 M. YACKOUB: I think that would be -- the
25 undertaking was to split out the customer service
26 from the collections. So I don't have those numbers
27 exactly split out.

28 COMMISSIONER MORAN: Yeah. Okay. So it would -

1 - these would be costs that are on top of the 406?

2 M. YACKOUB: The 406 is included in the customer
3 success and collections.

4 COMMISSIONER MORAN: Okay. Okay. So as long as
5 the undertaking tells us what the total cost is for
6 collection activities inclusive of the affiliate
7 service plus what is done in house, I guess that is
8 what I am interested in.

9 J. VELLONE: And just to mark this on the
10 transcript, that is undertaking J3.5, so we will know
11 where to look now.

12 M. YACKOUB: Could you give me one second. I
13 just want to confer quickly.

14 I don't think this is what you were asking for,
15 but my colleague just pointed out that the total
16 costs -- the total amounts that were paid out to the
17 contractor is in the interrogatory.

18 COMMISSIONER MORAN: Yeah. Yeah, no, I
19 understand that. It is just -- yeah.

20 Last question I have. I guess this just a
21 follow on from something that Mr. Garner asked around
22 30 days arrears. I am just wondering if you have
23 some -- done any aging exercise.

24 Like, do you know what the arrears looks like at
25 60 days and 90 days? Is there -- I don't know if
26 there is something already on the record to show
27 that, but if there isn't, I mean I think it would be
28 useful to understand.

1 Is the 30-day arrears, like, permanent, or does
2 it decrease by 60 days and further by 90 days? Just
3 to understand how that plays out.

4 M. YACKOUB: So I believe Ms. Tang was
5 explaining the ECL calculation which is based on
6 different buckets. So it is 0 to 30, 30 to 60, 60 to
7 90, 90 to 180, 180 to --

8 COMMISSIONER MORAN: Right.

9 M. YACKOUB: -- one year, and then greater than
10 one year. So we do separate the data, not in the
11 application, but for the purposes of calculating the
12 bad debt provision by those buckets.

13 COMMISSIONER MORAN: Right. And I think I
14 understood that. We have a graphic representation of
15 what the 30 days looks like. I am just wondering if
16 it is possible just to see what the 60 and 90 days
17 looks like so that we see what happens over time.

18 M. YACKOUB: So you are asking for a graphical
19 representation of each bucket as opposed to just
20 greater than 30?

21 COMMISSIONER MORAN: Well, a graphic
22 representation that is similar to the 30-day one that
23 shows what it looks like when it is 60 days of
24 arrears, like, what does that look like, and what
25 does the 90-days arrear graph look like.

26 M. YACKOUB: I think I understand, but just to
27 clarify --

28 COMMISSIONER MORAN: Over time.

1 M. YACKOUB: -- the graph was greater than 30
2 days. So it includes the 60, the 90, the 180.

3 COMMISSIONER MORAN: All right. Yeah, I
4 understand what you are saying. I would just like to
5 see what it means at --

6 M. YACKOUB: Yeah.

7 COMMISSIONER MORAN: What does the arrears
8 picture look like, you know, when it is 60 days in
9 arrears or higher than 60 days, and what does it look
10 like when it is higher than 90, then, to be
11 consistent.

12 M. YACKOUB: So just to clarify, I will provide
13 you -- I can restate greater than 30, and I will also
14 provide you greater than 60 --

15 COMMISSIONER MORAN: Greater than 60.

16 M. YACKOUB: Greater than 90, and so on.

17 COMMISSIONER MORAN: Yeah, yeah.

18 M. YACKOUB: Is that accurate?

19 COMMISSIONER MORAN: Perfect.

20 M. YACKOUB: Thank you.

21 L. MURRAY: That will be Undertaking J3.8.

22 **UNDERTAKING J3.8: TO PROVIDE A BAR GRAPH**
23 **SHOWING ALL THE DIFFERENT ARREARS BUCKETS**

24 COMMISSIONER MORAN: Okay. Thank you for that.
25 Those are all my questions.

26 Mr. Vellone, do you have any redirect?

27 Okay. Well, I think that brings us to the end
28 of panel 1. So just wanted to say, like, I

1 understand that --

2 J. VELLONE: I still think we have the DVA
3 issues to deal with.

4 COMMISSIONER MORAN: You are right. I am
5 getting ahead of myself I was trying to let you off
6 the hook. It didn't work. That is Mr. Vellone's
7 fault not mine. We will adjourn for lunch now. We
8 will be back at 1:30.

9 --- Recess taken at 12:36 p.m.

10 --- Upon resuming at 1:46 p.m.

11 COMMISSIONER MORAN: Thank you. Please be
12 seated. So I understand there has been a bit of a
13 change in the proposed order of cross-examination and
14 that we will be starting with you, Mr. Gluck.

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

16 L. GLUCK: Good afternoon. I have just a few
17 questions related to Oshawa Power's DVA-related
18 proposals. If we can start with the *Getting Ontario*
19 *Connected Act* Variance Account., and can we go to the
20 compendium at page 212, please.

21 --- (Off-record discussion)

22 --- Upon resuming at 1:51 p.m.

23 L. GLUCK: Okay. Thank you.

24 So in this response at part E, Oshawa Power
25 describes that 96 percent of the increase in locate
26 costs experienced are a direct result of Bill 93; is
27 that correct?

28 L. FILION: I would argue what the 96 represents

1 is 96 percent of our locate costs are directly
2 attributed to the locate service provider, and these
3 are the costs that are impacted directly by Bill 93.

4 L. GLUCK: Okay. Thank you.

5 And just below here -- below that sentence
6 there, Oshawa Power states that its proposed
7 methodology captures all actual locate-related costs
8 above the OEB-approved locate costs as escalated by
9 the price cap index regardless of whether they are
10 directly associated with Bill 93; is that correct?

11 L. FILION: Sorry. I am just trying to find the
12 reference just to re-read this.

13 L. GLUCK: Sure.

14 L. FILION: Yes, that is correct.

15 L. GLUCK: And the cost of Ontario One Call and
16 Planview are the cost that Oshawa Power does not
17 believe are related or directly related to Bill 93;
18 is that correct?

19 L. FILION: They have not been impacted by the
20 implementation of Bill 93.

21 L. GLUCK: Okay.

22 And can we go to the table just a bit below.
23 And so those costs of about \$20,000 in each of 2024
24 and 2025 are the costs that are not directly related
25 to Bill 93; is that right?

26 L. FILION: They have not been impacted by Bill
27 93. When these -- the 2021 approved budget was set
28 for locate costs, the Ontario One Call and the

1 Planview costs have escalated at the same rate as
2 revenue requirement has escalated. So there is no
3 material impact, no incremental cost.

4 L. GLUCK: Okay. Thank you. And just to
5 confirm, you have included those costs in your
6 request for disposition of the GOCA account; is that
7 right?

8 L. FILION: Yes. As per -- if you could just
9 give me a moment.

10 If I could refer you to the OEB's decision in
11 order EB-2023-0143, *Getting Ontario Connected Act*
12 *Variance Account.*, dated October 31st, 2023. This
13 was where the GOCA Variance Account was established
14 effective April 1st, 2023. So if we look at that --
15 I will find the page number for you.

16 In this decision and order on page 5, 3.3,
17 "Incrementality of Costs." And then that section, if
18 we go to page 6, what we have done at Oshawa Power
19 based on the finding, the very first finding:

20 "Currently approved base rates include recovery
21 of OM&A expense related to costs incurred to
22 provide this locate service." [As read]

23 For simplicity, the OEB is of the view that this
24 amount should be recorded as revenue in the GOCA
25 Variance Account.

26 If I go to the second paragraph:

27 "For each year the account remains in place
28 prior to the utility's next rebasing

1 application, this revenue amount shall be
2 adjusted in accordance with the applicable IRM
3 formula." [As read]

4 If I go to the fourth on page 7, the very top of
5 page 7:

6 "The actual cost to provide the locate service
7 will be recorded in this account and will
8 effectively be offset by the revenue amount."

9 [As read]

10 And if I go to the very last paragraph:

11 "The OEB agrees with OEB staff on this
12 necessity for utilities to demonstrate the
13 recorded amounts in their accounts are both
14 incremental to the base rates and are a direct
15 result of Bill 93." [As read]

16 So following that, if I can now take you over to
17 schedule A beginning on page 11. And if I can draw
18 your attention down to the very first entry. Just a
19 little further down. Entry number 1.

20 It is in this context that we have recorded the
21 incremental cost related to our locate service
22 provider. These are the costs that we are saying
23 have been -- are incremental as a result of Bill 93.
24 This is what Oshawa Power has recorded in our account
25 for entry number 1.

26 For entry number 2, this is asking us to record
27 actual ongoing locate costs that are not associated
28 with Bill 93. And in this instance, we have recorded

1 the non-incremental costs attributed to our locate
2 service provider.

3 In addition to that, we have recorded our
4 Ontario One Call and our Planview GIS map updates
5 related to locates cost.

6 And then following these proposed accounting
7 entries, the very first at the top of this page says
8 to please note the cost recorded in entry 1 and 2
9 would be equal to 100 percent of the locate costs
10 incurred by the utility for the period.

11 So these are a hundred percent of our third
12 party locate costs in these two entries that we have
13 recorded.

14 In the third entry, we have recorded our initial
15 OEB-approved revenue requirement amount that has been
16 escalated by the IRM factor. And once this is
17 recorded, this is essentially offsetting those locate
18 costs. We know 96 percent of our costs are related
19 to our locate service provider.

20 The other four percent, which are Ontario One
21 Call and the Planview costs, these costs have
22 escalated at the same rates as revenue requirements.
23 So they are essentially being offset in this account,
24 and they are not included in this account.

25 What we have found and analysis has shown, our
26 initial budget of approximately 321,000 for locate
27 costs back in 2021 was based upon a volume of 7,900 -
28 - approximately 7,916 locates at a unit cost of

1 approximately \$38.24. So we have not for 2024
2 reached these volumes.

3 In essence, the incremental costs are actually
4 much higher than what we have recorded in this
5 account because where we have gained in not reaching
6 that volume of locates in our revenue requirement has
7 been used to offset the full amount of incremental
8 costs that we have experienced at Oshawa Power.

9 L. GLUCK: Okay.

10 Can we go back to page -- I think you were
11 showing me page 7 of this -- of the board's decision
12 establishing the *Getting Ontario Connected Act*
13 Variance Account. Yeah, just a bit up above 3.4
14 there, it says -- and you read it:

15 "The OEB agrees with OEB staff on the necessity
16 for utilities to demonstrate that recorded
17 amounts in their accounts are both incremental
18 to base rates and are a direct result of Bill
19 93." [As read]

20 And I think we talked about it a little bit
21 before, that you have costs, you have recorded costs
22 in the account for disposition that are not directly
23 related to Bill 93; is that right?

24 L. FILION: As per this decision in order, we
25 are being requested to record those costs with the
26 offsetting revenue requirement, which effectively
27 eliminates non-incremental costs, particularly when
28 the volumes that we are experiencing have not

1 escalated our particular volumes at Oshawa Power.

2 We haven't had a volume -- we haven't had an
3 increase in volumes related to an increase in our
4 costs. This is strictly on a per-unit locate costs,
5 is where we experienced the incremental costs. It is
6 related purely to the per-unit cost per locate that
7 our locate service provider is passing along to us.

8 L. GLUCK: Let me try it this way: The way you
9 -- the methodology you have applied to the GOCA
10 account has turned it into a true-up account. It is
11 truing up all actual locate costs relative to the
12 locate costs built into rates.

13 Is that a fair description of how the account is
14 operating?

15 L. FILION: I think you could say that with --
16 with -- I will say with the caveat of in this
17 particular instance, we are actually reducing the
18 amount of incremental locate costs we have
19 experienced with that extra amount of revenue
20 requirement that we have where we haven't achieved
21 the volumes that were set in our approved rates. So
22 we are truing up to a more prudent balance in our
23 GOCA Variance Account.

24 L. GLUCK: Well, you are truing up to the amount
25 built into rates?

26 L. FILION: Correct. As per the decision in
27 order.

28 L. GLUCK: Okay.

1 Can we go to page 215 of the compendium, please.

2 And I just want to talk to you about your 2021 to
3 2022 actual locate costs per unit, the per-unit
4 locate costs. And what you will see here is that the
5 per-unit locate costs between -- excuse me -- 2021
6 and 2022 increased by \$7.57 or 18 percent. Would you
7 take that subject to check?

8 L. FILION: Please give me one moment.

9 L. GLUCK: Sure.

10 L. FILION: I would agree subject to check.

11 L. GLUCK: Thank you.

12 And can we go back to the compendium at page
13 212, please. And here in part E, subpart -- sorry --
14 it is the one above -- part D in subpart 1, you
15 explain that the current contract term is from
16 February 1st, 2023, to January 31st, 2026; is that
17 correct?

18 L. FILION: That is correct.

19 L. GLUCK: And in subpart 3, we asked, what
20 happened to Oshawa Power's locate service provider
21 contract after Bill 93 was implemented? And you
22 advised that there were increased staffing costs; is
23 that right?

24 L. FILION: That is correct.

25 L. GLUCK: So the increased staffing cost
26 experience related to Bill 93 would have applied to
27 the new locate service provider contract that started
28 in February 2023; is that right?

1 L. FILION: So the current contract term is
2 February 1st, 2023, through to January 31st, 2026.
3 Each of these years in 2024, we received -- I can't
4 remember the exact term, but here is the new pricing.
5 So the pricing was revised in 2024 and then again in
6 2025.

7 L. GLUCK: Okay. Thank you.

8 So because the new locate service provider
9 contract began in February 2023, the 18 percent
10 increase experienced between 2021 and 2022 could not
11 have been directly related to Bill 93?

12 That increase occurred prior to signing the
13 first contract after Bill 93 was implemented; would
14 you agree to that?

15 L. FILION: I would disagree. Bill 93, the
16 *Getting Ontario Connected Act*, received royal assent
17 April 14th, 2022, and that is when we began to see
18 cost escalations from our locate service provider.

19 L. GLUCK: But you were under -- you were under
20 a different contract at that time. Are you saying
21 the locate service provider increased its rates sort
22 of towards the end of your previous contract?

23 L. FILION: We received a number of amendments
24 to the pricing that were -- was in their contracts,
25 yes.

26 L. GLUCK: Okay. And -- but you do agree that
27 the *Getting Ontario Connected Act* didn't receive
28 royal assent until partway through 2022?

1 L. FILION: The very early part of 2022, in
2 April of 2022.

3 L. GLUCK: Okay. Thank you. Those are my
4 questions on the GOCA account.

5 And I have just a few questions with respect to
6 the two other accounts that you have proposed. So if
7 we could go to page 217 of the compendium.

8 And just to establish some context, these are
9 draft accounting orders for two new regulatory
10 accounts that Oshawa Power proposed in its
11 interrogatory responses; is that right?

12 V. BENNETT: Yes, that is correct.

13 L. GLUCK: Thank you.

14 And I just want to make sure I understand the
15 operation of these accounts. So if we go to the next
16 page, with respect to -- this is the voided rent
17 deferral account, your proposal is this is an
18 asymmetrical account that will record the 2026
19 forecast rent cost of 425,000, and it will be
20 escalated by the price cap adjustment each year.

21 And the account will start recording that amount
22 once you've vacated the existing head office; is that
23 right?

24 A. TANG: Yes. Once we move into the new
25 facility.

26 L. GLUCK: Okay. Thank you.

27 And if we go to the next page, please, this is
28 the new facility OM&A cost variance account, and this

1 is a symmetrical account; is that right?

2 V. BENNETT: That is correct.

3 L. GLUCK: And if we could just go to page 61 of
4 the compendium, please. You chatted about this a bit
5 earlier today, but I was hoping that you can sort of
6 use this table as a guide to explain to me what the
7 baseline for the account will be to which any
8 variances will be measured.

9 A. TANG: So for the first account, the amount
10 that we will be using is the 425. So you are correct
11 there. For the second account, the baseline would be
12 our current building facility cost, which you can see
13 in the table.

14 And any differential between that, the new
15 facility operating cost and these costs, will go into
16 that DVA account that we are proposing.

17 L. GLUCK: Okay. So you are limiting the
18 account to the 835. It is not the entire facilities
19 budget?

20 A. TANG: Yeah, so there are two accounts. The
21 first one relates to the rent. The second one
22 relates to the OM&A.

23 L. GLUCK: Sorry. Sorry. Yeah. You -- it
24 together. Okay. Thank you. Those are my questions.

25 COMMISSIONER MORAN: Thank you, Mr. Gluck.

26 Mr. Garner.

27 M. GARNER: I am sorry, I have ceded my time in
28 order to help us make up for our thing. So I don't

1 need any time. Thank you.

2 COMMISSIONER MORAN: Mr. Murray.

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

4 L. MURRAY: Thank you, Mr. Chair. I am going to
5 go over a little bit of what Mr. Gluck has already
6 gone over, but I just want to make sure I understand
7 this correctly. This relates to the GOCA account. I
8 just want to make sure that staff correctly
9 understands Oshawa's position.

10 It is Oshawa's position that the entire \$216,114
11 amount recorded in the GOCA account for 2024, every
12 single last dollar of that is directly attributable
13 to the GOCA legislation?

14 L. FILION: That is correct.

15 L. MURRAY: Or to put it another way, if the
16 GOCA legislation never came into effect, your
17 position is that the locate costs for Oshawa that
18 they would have incurred in 2024 would have only been
19 \$358,000?

20 L. FILION: Absent any other changes, yes, that
21 is correct.

22 L. MURRAY: Can you explain what you mean by
23 absent -- if the legislation never came into effect,
24 everything else is the same it is today, the
25 legislation was never passed, it is Oshawa's position
26 that \$358,000 is the amount of locate costs you would
27 have incurred in 2024?

28 L. FILION: That is correct. Maybe slightly

1 lower based on volumes, actually, because we didn't
2 achieve that volume. So our locate costs would have
3 been slightly lower than the revenue requirement
4 amount in rates.

5 L. MURRAY: I would like to explore that a
6 little bit further with you. If we could pull up
7 Exhibit 9, page 22, and I am going to go back to the
8 table that Mr. Gluck spoke with you about. So it is
9 page 22. I believe it is table -- if we could scroll
10 down again because I would like to see the three
11 tables. That is perfect.

12 I would like to focus on the year 2022. Now, if
13 you look at the actual locate costs for 2022, they
14 were \$340,520. Is that correct?

15 L. FILION: That is correct.

16 L. MURRAY: But yet if you look on the next
17 table, locate costs approved in rate base, the amount
18 approved in rate base for that year was only
19 \$331,184; correct?

20 L. FILION: That is correct.

21 L. MURRAY: So even before the GOCA legislation
22 was passed, the costs were already higher?

23 L. FILION: However, I would note that the Bill
24 93, *Getting Ontario Connected Act* actually did
25 receive royal assent in April of 2022, which is when
26 the locate service provider started to escalate their
27 costs.

28 L. MURRAY: When did those provisions go into

1 effect?

2 L. FILION: Can you --

3 L. MURRAY: Sometime between --

4 J. VELLONE: Yeah, you are asking a distinction
5 between the royal assent date and the effective date?

6 L. MURRAY: Yes.

7 J. VELLONE: I am not sure the witness is going
8 to know.

9 L. MURRAY: Well, she seems to be pointing to
10 one to suggest that, somehow, that is why the costs
11 are higher. So I am trying to probe that
12 understanding because I am struggling how costs would
13 increase before the requirements came into effect in
14 Ontario.

15 COMMISSIONER MORAN: Mr. Vellone, is the
16 effective date different?

17 J. VELLONE: I don't know off the top of my
18 head.

19 COMMISSIONER MORAN: Okay. Maybe you could
20 undertake to provide the effective date.

21 J. VELLONE: I have never given an undertaking
22 in my life. This will be my first.

23 COMMISSIONER MORAN: It will be Oshawa Power's
24 undertaking. Whoever prepares it, that is up to you.

25 L. MURRAY: That will be undertaking J3.9.

26 **UNDERTAKING J3.9: TO PROVIDE THE EFFECTIVE DATE**
27 **OF Bill 93, THE *Getting Ontario Connected Act***

28 L. MURRAY: And just to -- and to the -- and you

1 have already spoken to my friend, I think you have
2 confirmed that the unit locate costs, the increase
3 from 2021 to 2022 was approximately 18 percent;
4 correct?

5 L. FILION: That is correct.

6 L. MURRAY: So we should be able to agree that
7 both the total locate costs and total unit costs were
8 already increasing at a rate greater than the OEB's
9 overall inflation factor before 2023; correct?

10 L. FILION: And this is Oshawa Power's position.
11 It is with the implementation of Bill 93, the *Getting*
12 *Ontario Connected Act* that our locate service
13 provider started to escalate their costs, their per
14 unit costs. So we started seeing that in 2022. It
15 escalated even higher in 2023.

16 That is when the GOCA Variance Account was
17 established in April of 2023, clearly as a result of
18 understanding that those things were coming, those
19 escalations in prices were coming. And then in 2024
20 is the first year that Oshawa Power actually recorded
21 a GOCA balance in our variance account.

22 L. MURRAY: So changes could be coming, but
23 until the changes are in effect, why would they
24 increase costs?

25 L. FILION: I would argue that this is the
26 reason why a variance account was established.
27 Because the industry was starting to see that those
28 costs were escalating.

1 L. MURRAY: Does Oshawa agree that sort of in
2 the post-COVID 2021/2022/2023 period, just generally,
3 costs were going up higher than historical inflation?
4 That this was -- that there were other drivers of
5 potential inflation beyond GOCA?

6 L. FILION: Sure, absolutely. But I would also
7 suggest that we are a member of the Locate Alliance
8 Consortium. Typically, when we had an agreement in
9 place, that would last from February -- I believe it
10 was February of 2023 to January of 2026, that those
11 rates that were established stayed in place.

12 It wasn't until Bill 93 received assent that we
13 started receiving interim price changes as we were
14 going through our contract term. And one of the
15 terms in the contract is it can be -- it can be
16 renegotiated at any given point in time.

17 L. MURRAY: So the contract you had prior to
18 February 2023 let them renegotiate the price at any
19 point for any reason?

20 L. FILION: One moment, please. I don't know
21 the exact terms of the previous contract.

22 L. MURRAY: Would you be able to undertake to
23 provide a copy of the previous contract? And perhaps
24 when I am asking for that, also a copy of the current
25 contract. Have those filed on the record. Subject
26 to any confidentiality issues that may exist.

27 J. VELLONE: And just help with me relevance.
28 You are saying it goes to the 2022 amount recorded in

1 the --

2 L. MURRAY: It goes to all the costs. Like, you
3 are saying these contracts have essentially driven up
4 the costs. I would like to examine the contracts --

5 J. VELLONE: So the --

6 L. MURRAY: -- the amounts that are charged in
7 the costs, when prices can increase, whether those
8 criteria were met.

9 J. VELLONE: What years are you seeking
10 disposition of the GOCA account?

11 L. FILION: 2024 and 2025.

12 J. VELLONE: So do you want to see that
13 contract? Because I can agree that is relevant.

14 L. MURRAY: I want to see the early one because
15 part of the explanation is that costs were already
16 going up.

17 Staff sort of looks at it this way: We seem to
18 say that there is the bump in 2022 of about 18
19 percent. Then in the next year, there is a bump of
20 42 percent, which is admittedly much higher. And
21 then the year after that, it goes back down to 16
22 percent.

23 So there seems to be a spike in that one year,
24 but the position Oshawa is taking is essentially all
25 this inflation over the whole period of time was
26 GOCA. And so I would like to know were they able to
27 change those prices earlier because of GOCA? Is that
28 the driver? Or were there other reasons why the

1 prices were increasing?

2 COMMISSIONER MORAN: So I think for
3 completeness, Mr. Vellone, the contract that applies
4 for the 2024-2025 claim period and the predecessor
5 contract that was in place prior to the contract that
6 applied at that time. So it is --

7 J. VELLONE: Subject to confidentiality claims.

8 COMMISSIONER MORAN: And whatever
9 confidentiality claims you wish to make, we will
10 address those.

11 J. SHEPHERD: Chair, I wonder if we could ask
12 that that be clarified to, on the previous contract,
13 any amendments to it in 2022.

14 COMMISSIONER MORAN: Yeah. I think the complete
15 contractual record that applies to all the amounts
16 that have been recorded or used to justify the
17 recovery.

18 L. MURRAY: That will be undertaking J3.10.

19 **UNDERTAKING J3.10: TO PROVIDE A COPY OF THE**
20 **GOCA CONTRACT FOR THE 2024/2025 CLAIM PERIOD AND**
21 **A COPY OF THE PREDECESSOR CONTRACT**

22 L. MURRAY: So anyway, I was getting a bit of
23 ahead of myself. So I just -- perhaps we could go
24 back to the table 9.11.

25 Would you agree with me that the unit costs
26 between 2022 and 2023, they seem to have gone up
27 about \$21, subject to check, would you agree that
28 that is about 42 percent? Or 42.4 percent?

1 L. FILION: Subject to check, I would agree.

2 L. MURRAY: And I realize we are sort of
3 eventually going to figure out what your position is
4 on the effective date. Staff had understood the
5 effective date that these actually came into effect
6 in April 2023, like, the requirements. So that is
7 why it is of particular interest.

8 And then I want to focus on the year afterwards.
9 From 2023 to 2024, there was \$11 increase in the unit
10 cost, and subject to check, will you accept that that
11 represents a 15.2 percent increase in the unit cost
12 between 2023 and 2024?

13 L. FILION: Yes, I would agree.

14 L. MURRAY: I am going to move on now, and I
15 just have a couple of questions about the DVA that is
16 being proposed with respect to the new building and
17 potential OM&A costs.

18 Does Oshawa intend to rent out any space in this
19 new facility or gain any revenue as a result of
20 owning the space?

21 A. TANG: No. The building is expected to
22 accommodate entire LDC for our existing position and
23 a little bit of a growth -- of some growth.

24 L. MURRAY: Are there -- in terms of affiliates,
25 are there any affiliate -- like, employees at
26 affiliates who aren't employees of Oshawa PUC?

27 A. TANG: Are you asking in general?

28 L. MURRAY: In general.

1 A. TANG: There are -- so in general, there are
2 affiliate staff, but they are not included in the
3 building.

4 L. MURRAY: And they won't be --

5 A. TANG: They will not be.

6 L. MURRAY: They will not be in the building.

7 And if a new DVA is considered by the OEB, I
8 just wanted to confirm -- I guess you are saying
9 there is -- there is not going to be any other
10 revenue from any other sources for this building. It
11 is going to be a hundred percent occupied by Oshawa
12 PUC?

13 A. TANG: Correct.

14 L. MURRAY: Thank you. Those are my questions.

15 COMMISSIONER MORAN: Thank you, Mr. Murray.

16 Mr. Shepherd.

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

18 J. SHEPHERD: I have just two quick questions.
19 First, with apologies to my colleagues who I promised
20 faithfully I would not talk about GOCA, I have --
21 okay. I won't.

22 I am going to ask instead a question about the
23 new account for operating costs associated with your
24 building. And I heard somebody say that the baseline
25 for that account was going to be 835, but that is not
26 right, is it? It is actually 410.

27 A. TANG: No, I think Mr. Gluck corrected that.

28 J. SHEPHERD: Oh, did he? Okay.

1 And then my last question is are you going to
2 recalculate the burden rate that you charge to your
3 affiliates after you are in the new building? Is
4 that part of what is expected?

5 A. TANG: Yes. As I mentioned, this is a rate
6 that we follow on a monthly basis, so that will
7 continue.

8 J. SHEPHERD: Well, your cost of premises is
9 going up by about 10 times. I assume that means that
10 it is going to be 600 percent burden rate or
11 something -- some very large number.

12 See, the problem is that if you have that big a
13 difference, we are talking about a huge burden rate,
14 which would be unrealistic.

15 A. TANG: I cannot -- I cannot confirm to the
16 quantification right at the moment, but when the --
17 when we are -- when we will get the new cost, we --
18 those will get into the equation to calculate that
19 burden rate.

20 J. SHEPHERD: So you are saying that this \$4.6
21 million annual cost that you are proposing in rates,
22 which is different than the 425 you are paying in
23 rent, you're -- you haven't yet looked at how that
24 affects the burden rate in -- for your staff that you
25 charge to affiliates? You haven't yet looked at
26 that?

27 A. TANG: Again, these costs are currently
28 included as part of the burden rate. To the extent

1 that they will continue to incur, they will get
2 included in the future as well. So there will be no
3 difference from that perspective.

4 The amount, I cannot quantify at this point;
5 however, with a bigger building, the expectation is
6 that there could be some variation in terms of the
7 existing OM&A cost relating to the new building.

8 J. SHEPHERD: And so how does that factor into
9 this variance account that you are proposing, the new
10 burden rate? How would that factor in? If you
11 prefer to just undertake to respond in writing, that
12 would be great.

13 A. TANG: Okay.

14 J. SHEPHERD: Thanks.

15 L. MURRAY: That will be Undertaking J3.11.

16 **UNDERTAKING J3.11: TO EXPLAIN HOW THE PROPOSED**
17 **NEW BURDEN RATE AND ANY ASSOCIATED CHANGES**
18 **RELATING TO THE NEW BUILDING WOULD FACTOR INTO**
19 **THE VARIANCE ACCOUNT BEING PROPOSED**

20 J. SHEPHERD: And that is all my questions.

21 Thank you.

22 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

23 Commissioner Zlahtic, any questions?

24 Commissioner Dodds?

25 **CROSS-EXAMINATION FROM THE COMMISSION PANEL**

26 COMMISSIONER MORAN: I just have one question,

27 and I just want to make sure that we have this clear.

28 Ms. Fillion, just to understand your evidence

1 around the GOCA account, the -- you had a forecast
2 for locates that was included in your last rebasing,
3 and that is what you have used to come up with the
4 expected revenue if you otherwise weren't operating
5 within an envelope, which is obviously what probably
6 really happened.

7 And then that was escalated by the IRM formula
8 in order to come up with the amounts that we see
9 recorded as revenue in the account; right?

10 L. FILION: Effectively what we did was the
11 total amount of locates that were approved in our
12 last rebasing, we have escalated that dollar amount
13 by the IRM factor.

14 We used -- what we did was, what was that last
15 budget set on to determine what the per-unit cost per
16 locate was to do an analysis to make sure that what -
17 - to make sure that the incremental costs that we are
18 recording are truly incremental.

19 So knowing what the previous budget was set on
20 the volume, we could eliminate volume as a factor
21 driving these increasing costs for Oshawa Power.

22 COMMISSIONER MORAN: All right.

23 And then you also had a contract which -- and,
24 you know, I don't need your opinion of what is in the
25 contract because we will see the contracts when they
26 are filed. But it had some kind of escalator clause
27 in it that increased the unit price over time; right?

28 L. FILION: Yes, that is correct.

1 COMMISSIONER MORAN: And then there was a new
2 contract that continued to increase that unit price
3 as well?

4 L. FILION: That is correct. Along with interim
5 pricing adjustments, so addendums, I guess, to the
6 contract continuing.

7 COMMISSIONER MORAN: And these were negotiated
8 contracts?

9 L. FILION: That is correct.

10 COMMISSIONER MORAN: All right.

11 And then during the material time, the -- you
12 didn't see the expected increase in volume of
13 locates. It actually went down; right?

14 L. FILION: Yes, that is correct.

15 COMMISSIONER MORAN: Okay. So that is the
16 context in which we are looking at the request for
17 clearing this DVA account.

18 Am I missing anything?

19 L. FILION: No. The context, we believe it is
20 truly incremental because it is the per-unit costs
21 that are causing the increase --

22 COMMISSIONER MORAN: Okay.

23 L. FILION: -- in our costs.

24 COMMISSIONER MORAN: Okay. Thank you for that.
25 Those are all my questions.

26 Mr. Vellone, any redirect?

27 Okay. So with a certain amount of déjà vu, I
28 want to thank panel 1 for your assistance in helping

1 us understand the issues, and I think we acknowledge
2 that this was the first time on the most
3 uncomfortable seats in the room. So I am sure you
4 are looking forward to finding a more comfortable
5 place after we let you go.

6 And I think -- I would observe that Ms. Filion
7 had the fewest questions asked, so I think you should
8 be looking to her for the first round of drinks.

9 So with that, you are excused, and thank you
10 very much. We will take a break so that you can set
11 up your next witness, and we will come back in 15
12 minutes.

13 --- Recess taken at 2:30 p.m.

14 --- Upon resuming at 2:46 p.m.

15 COMMISSIONER MORAN: Thank you. Please be
16 seated. So we are ready to start with panel 2. I
17 just wanted to confirm that we understand, Mr.
18 Shepherd, that there is a question about the witness'
19 professional credentials.

20 And we understand that, Mr. Vellone, you will
21 just briefly touch on -- Mr. Boyle will briefly touch
22 on those, and then there is some brief direct
23 evidence.

24 And based on the communication earlier, you are
25 free to ask questions about the witness' credentials
26 as part of your general cross-examination. We won't
27 rule today on that, and obviously, there will be a
28 question of weight to be argued in submissions,

1 right.

2 J. SHEPHERD: I am assuming that if the board
3 concludes that the expert is not, in fact, a
4 qualified expert, that the evidence will be struck.

5 COMMISSIONER MORAN: We will wait and see what
6 happens, Mr. Shepherd. And part of the analysis will
7 be to what extent is this expert evidence to begin
8 with versus fact-gathering and fact presentation, et
9 cetera, et cetera, the usual considerations, right.

10 So, Mr. Boyle, if you want to introduce the
11 witness, and then Commissioner Dodds will swear her
12 in.

13 C. BOYLE: Thank you, Chief Commissioner.

14 Good afternoon. Appearing today is Ms. Lise
15 Galli from Marjorie Richards. And, Commissioner
16 Dodds, she is available for the affirmation.

17 COMMISSIONER DODDS: Lise Galli, you are about
18 to give evidence in this hearing. This panel is
19 dependent on your telling us the truth, and the law
20 requires you to do so; therefore, before you testify,
21 I must ask you this: Do you solemnly promise the
22 panel that you will tell the truth, the whole truth,
23 and nothing but the truth?

24 L. GALLI: Yes, I do.

25 COMMISSIONER DODDS: And do you understand that
26 breaking that promise would be an offence under our
27 law?

28 L. GALLI: Yes, I do.

1 COMMISSIONER DODDS: Thank you.

2 **AFFIRMED: LISE GALLI**

3 **EXPERT QUALIFICATION BY C. BOYLE**

4 C. BOYLE: Thank you.

5 Ms. Galli, in this proceeding, you are being
6 proffered as a witness in the area of human
7 resources, and specifically, in the areas of
8 organizational structure and workforce planning; is
9 this correct?

10 L. GALLI: Yes, that is correct.

11 C. BOYLE: And was the report that was included
12 in Exhibit 4 as attachment 4-1, including any related
13 interrogatory responses and updates, prepared by you
14 or under your supervision?

15 L. GALLI: It was prepared directly by myself.

16 C. BOYLE: Thank you.

17 So as -- as Commissioner Moran noted, I would
18 like to start by pulling up your resume here, and we
19 will keep this brief.

20 So how -- how many years have you been working
21 in the area of human resources, Ms. Galli?

22 L. GALLI: Approximately 30 years.

23 J. VELLONE: And you are currently a principal
24 at ExcelerateHR Services.

25 Could you explain to the Commission your
26 relationship with Marjorie Richards in this matter.

27 L. GALLI: I work with Marjorie Richards &
28 Associates as an associate consultant in that I work

1 jointly with her on certain projects and as a
2 principal consultant on other projects.

3 C. BOYLE: Thank you.

4 And I am just looking at your selected client
5 proposals here when you were a -- or as you're a
6 principal at ExcelerateHR Services, and could you
7 provide some context to the panel on why experience
8 in other related industries such as healthcare,
9 industrial, and private sector is relevant to
10 electric utilities.

11 L. GALLI: Certainly. Workforce planning and
12 organizational structure reviews at its core follows
13 a consistent set of evidence-based steps,
14 understanding the business priorities of the
15 organization, analyzing workforce demographics,
16 forecasting needs, identifying those gaps, and
17 developing strategies to close those gaps.

18 Those steps are all industry agnostic. Whether
19 in healthcare, manufacturing, utilities, the
20 underlying discipline is the same. It is really
21 about ensuring you have the right people in the right
22 spots at the right time.

23 My experience in other sectors, I would suggest,
24 adds depth to my analysis because it allows me to
25 recognize effective approaches and avoid certain
26 pitfalls that might exist in other complex, sometimes
27 regulated and highly sensitive, safety-sensitive
28 environments as well.

1 So I think that is directly related to the
2 environment within an LDC.

3 C. BOYLE: Thank you.

4 And I know summarizing 30 years of experience in
5 three pages doesn't really do it justice, but I know
6 that you have some examples from recent work, recent
7 examples of projects that you have done in relation
8 to organizational structure and workforce planning.
9 I was hoping you could touch on a couple of those for
10 the Commissioners.

11 L. GALLI: Sure. I will touch on a couple more
12 recent examples, specifically I did mention in one of
13 the interrogatories a large workforce planning
14 project I completed for a hospital. The scope of
15 that particular project was hospital-wide and
16 included all nursing and allied health -- allied
17 health professionals across the hospital.

18 There are many similarities in the hospital
19 context, I would say: Long lead times to obtain
20 credentials to become a nurse or an allied health
21 professional, certainly a shortage in talent in some
22 areas such as registered nurses, limited funding,
23 healthy pension plans, and a highly-unionized
24 environment.

25 So the inputs in that regard were very similar,
26 analyzing those demographics, turnover, leaves, and
27 retirements, and looking at the external market and
28 their ability to recruit for those particular types

1 of positions.

2 I also had the added complexity in that
3 particular case of a 24/7 operation and varying
4 shifts and staffing ratios that hospitals certainly
5 need to abide by.

6 So the result in this particular case was varied
7 depending on the unit within the hospital because
8 each of them are staffed a little differently. But
9 in this case, it was determined that for those units
10 where the resourcing would be similar in terms of
11 credential requirements, there was an opportunity,
12 rather than to hire some additional resources, to
13 share resources across units with similar
14 requirements.

15 That, of course, is limited by collective
16 agreements in certain instances. But in the cases
17 where we were able to do that, that is what we did.

18 In other units with highly-specialized units
19 such as an operating room, we didn't really have that
20 ability. There are added credentials required in an
21 operating room, as I am sure we are all happy to
22 hear.

23 And, therefore, in that particular case, we did
24 need to do some hiring specifically. But, again,
25 there is a very limited number of registered nurses,
26 and so included in that was a recommendation for a
27 certification program to be brought in house to
28 increase the supply of registered nurses at the

1 hospital.

2 The second example I will share is a workforce
3 planning project I completed for a private industrial
4 client. This was specifically in the public sector.
5 It was more of a construction environment, and the
6 scope of that workforce planning exercise was very
7 similar to this one.

8 It was specific to their skilled trades group
9 and direct supervisors, which was similar to what was
10 done here at Oshawa Power, except in that case, the
11 number of trades was quite significant. We were
12 looking at all sorts of trades including mechanics,
13 machinists, millwrights, electricians, painters, all
14 sorts of trades.

15 The inputs, again, were the same from the
16 perspective of assessing the market, demographics,
17 turnover, retirement rates, and, of course, the
18 assumptions were a little different there. They
19 didn't have a unionized environment. They didn't
20 have a pension plan to rely on. So some of the
21 inputs were a little different.

22 And as well in this particular case, there was
23 no apprenticeship program, and they were really
24 struggling. They were actually behind in their work
25 because they didn't have the appropriate capacity to
26 complete the work.

27 So actually as part of that assignment, I not
28 only recommended an apprenticeship program, but I

1 created the apprenticeship program for those key
2 trades in that particular case, which was actually
3 accepted by the CEO and implemented within that
4 organization

5 And I guess the last example I will share,
6 hopefully quickly, is that I did spend six-and-a-half
7 years working in an LDC, specifically Horizon
8 Utilities, between 2006 and 2012. There, I had the
9 role of director of human resources and
10 organizational development, and I also conducted a
11 very similar workforce planning study for the skilled
12 trades and direct supervisors.

13 Again, very similar inputs, operating in a very
14 different market, but we did the same thing. We
15 outlined a five-year forecast for the skilled trades
16 and focussed on replenishing both PLT, and in that
17 specific case, the meter technician pool. And I also
18 would have conducted an organizational review through
19 that process and worked in collaboration with
20 functional leaders in order to complete that.

21 C. BOYLE: Thank you. If we could just scroll
22 down, just one last thing I wanted to touch on before
23 we move on here. Just keep going down. Keep going.

24 The one I would like to just touch on there is
25 in relation to your -- you were a member on the board
26 of the Mohawk College, and you were also an
27 instructor at Conestoga College for human resource
28 management.

1 Maybe just briefly touch on what those jobs
2 entailed in terms of experience and requirements to
3 be able to qualify for those various positions.

4 L. GALLI: Sure. Conestoga College, I did teach
5 in the school of business, and that was specifically
6 a human resource management program that was publicly
7 advertised. And in order to qualify for that
8 particular position, a master's-level degree was
9 required, significant work experience as an HR leader
10 with demonstrable expertise in a senior human
11 resource role, and demonstrated engagement in ongoing
12 professional development.

13 The selection process included an in-person
14 interview with the program chair of the school of
15 business.

16 In terms of the Mohawk College human resource
17 advisory committee, members are generally appointed
18 in that case based on their HR experience and
19 leadership role within an organization.

20 At that time, when I initially joined the
21 advisory committee, I was the vice president of human
22 resources at McKeil Marine, and I was introduced and
23 asked to participate by the program chair.

24 C. BOYLE: Thank you. I think we will leave the
25 rest there. So we can take that off the screen.

26 But before we move on here, I just wanted to
27 ask, do you have any changes or corrections to make
28 to your evidence?

1 L. GALLI: No, I do not.

2 C. BOYLE: And I just wanted to reconfirm, at
3 attachment 4-2, you signed the OEB's acknowledgement
4 of an expert duty. Could you please reconfirm for me
5 that you intend to provide opinion evidence that is
6 fair, objective, and non-partisan?

7 L. GALLI: Yes, I do.

8 C. BOYLE: And you will provide opinion evidence
9 that is related only to matters that are within your
10 area of expertise?

11 L. GALLI: Yes.

12 C. BOYLE: And you will provide such assistance
13 as the board may reasonably require to determine a
14 matter in issue?

15 L. GALLI: Yes.

16 C. BOYLE: So now, Chief Commissioner Moran, I
17 don't know how you want to handle this, if you want
18 to talk about qualifications first, or if you would
19 like Ms. Galli to provide her kind of 10-minute
20 presentation here.

21 COMMISSIONER MORAN: I think the plan is to
22 carry on.

23 C. BOYLE: Okay. Ms. Galli, I understand you
24 prepared a report for Oshawa Power that, A, reviews
25 and provides recommendations on Oshawa Power's
26 current organizational structure against its future
27 needs and, B, a development of a five-year trades and
28 technical workforce plan.

1 And I understand you have a brief 10-minute
2 introduction to kind of summarize the results -- so
3 the floor is yours.

4 L. GALLI: Okay. Great, thank you. I will
5 outline at a high level the scope of the project, and
6 then some of the summary and key findings
7 specifically.

8 So as we note, in March, Marjorie Richards &
9 Associates was retained by Oshawa Power to conduct an
10 organizational structure review and workforce
11 planning exercise. That discussion happened in May
12 of 2024, and the proposal was accepted a month later
13 in June of 2024. I was designated as the principal
14 consultant on this file and led all interactions with
15 the team. So I engaged with the team. I provided my
16 requirements in terms of information and had
17 discussions with various members of the executive
18 team.

19 To summarize, I just want to make very clear
20 that there were two actual concurrent streams of work
21 that were completed. The first was to evaluate the
22 current organization structure together with the
23 strategic priorities of the organization, and that
24 involved speaking to the executive team members and
25 obtaining some internal information and having some
26 discussions around assumptions as well as reviewing
27 several third party resources, some market
28 information, peer LDC data, customer feedback,

1 reviewing economic development reports for the
2 region. All of those sources were itemized in
3 attachment 4-1.

4 The second stream was to complete the workforce
5 plan exercise for the technical and skilled trades
6 group, inclusive of front line management required to
7 lead and manage that trades group.

8 So I do define workforce planning on page 6 of
9 my report, but essentially, in summary, it is, "let's
10 match supply to demand."

11 And that is really critical in a trades-oriented
12 environment where it takes upward of four to five
13 years to become fully certified in a trade, so to
14 complete an apprenticeship and to get to full
15 competency. So advanced planning is very critical in
16 that environment.

17 So the second stream, what I will say about
18 workforce planning is really about replenishing the
19 workforce to ensure that you have the supply. So my
20 work, obviously, culminated into the report that was
21 delivered in November of 2024 and is in evidence as
22 attachment 4-1.

23 In terms of key findings, I will summarize them
24 this way: The report ultimately included a
25 recommendation of -- that will result in a net impact
26 of plus 12 positions during this rate period.

27 This included two positions specifically in the
28 technical and skilled trades group as part of that

1 workforce planning exercise and ten positions as part
2 of the broader organizational review.

3 So I will separate my comments on those findings
4 based on workforce planning and then the
5 organizational review. My report includes all the
6 assumptions utilized in workforce planning.

7 What the demographic showed us is that there is
8 a fairly young trades and technical group, and they
9 have experienced high turnover rates in the past.
10 They are in a very competitive environment.

11 And there are several upcoming retirements in
12 their particular LDC. So there is an urgent need to
13 hire in order to replenish that specific workforce.

14 They also are planning to increase their capital
15 plan by approximately 20 percent during that period.
16 And the customer base is expected to grow by
17 approximately 8.5 percent, which was an assumption
18 provided by Oshawa Power as 1.7 percent per year
19 during that rate period.

20 So the result was a requirement to initiate a
21 formal apprenticeship program, which did not exist at
22 Oshawa Power, and to commence that immediately. In
23 other words, the recommendation was to start that in
24 2025. My report summarizes that recommendation and
25 the staging of those of those hires that were
26 recommended.

27 On page 70, I also summarize the net impact. So
28 in other words, you will see one slide that I will

1 point to that shows hiring of 17 positions, I
2 believe, but then assuming the retirement rates and
3 turnover, of course the net impact would be only plus
4 2.

5 Included in that recommendation, I have included
6 a recommendation to hire an additional powerline
7 technician supervisor. Demographics indicate there
8 is a young workforce. A new apprenticeship program
9 will mean a lot of new, inexperienced new hires
10 coming into the fold, and both sub forepersons of
11 that group are actually anticipated to retire.

12 The supervisor's also responsible for
13 supervising the work of contractors and ensuring
14 quality control. So in my expert opinion, I felt
15 that that span of control for that supervisor was too
16 excessive.

17 Of course, the workforce plan is a living
18 document, and the organization, if they have an
19 opportunity to hire an experienced PLT, certainly
20 should do so. But in the absence of that, the
21 recommendation is to start replenishing that
22 workforce with apprentices.

23 The organizational structure review was actually
24 a broader review of the entire organization. Given
25 all the inputs I previously noted, my conclusion here
26 is that while there wasn't a need to restructure the
27 organization, there were several competency gaps that
28 required a need to right-size the organization so

1 that Oshawa Power could achieve their objectives as
2 outlined in their strategic plan.

3 Pages 75 to 80 of my report itemize all these
4 positions and the justification provided for each
5 row.

6 What you will note as part of that
7 recommendation is that in most cases, I will call
8 them "doers." So this wasn't a recommendation to
9 pump up the management level of the organization,
10 with probably two exceptions.

11 It is really a case of capacity within the
12 organization. Managers are doing work at a lower
13 level than they should be, and in part, a lot of work
14 is being deferred. And so the idea here was that we
15 needed to add capacity at the doer level in order to
16 be able to achieve the objectives as set out by the
17 organization.

18 So in my opinion, the resource optimization plan
19 represents a prudent approach to right-size the
20 organization and the necessary resources to support
21 reliability, customer expectations, and achievement
22 of the strategic plan.

23 C. BOYLE: Thank you very much, Ms. Galli. Ms.
24 Galli is available for cross-examination.

25 COMMISSIONER MORAN: Thank you, Mr. Boyle.
26 Mr. Shepherd.

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

28 J. SHEPHERD: Thank you, Mr. Chair. Can you put

1 the CV up again, please.

2 So none of these clients are named, and I assume
3 that is because of confidentiality; right?

4 L. GALLI: That is correct.

5 J. SHEPHERD: But the electric utilities
6 presumably will be regulated by this board, so I
7 would ask you to tell us which electricity --
8 electric utilities you have done workforce plans for
9 other than Horizon. We will get to Horizon in a
10 second.

11 L. GALLI: I have not -- other than Horizon, I
12 have not conducted workforce planning for any of the
13 other utilities; however, I have and continue to do
14 work for approximately a dozen LDCs.

15 J. SHEPHERD: Sorry. You have listed, under
16 "client projects," "electric utility" and "various
17 electric utilities." Who are they?

18 L. GALLI: The -- sorry --

19 J. SHEPHERD: Which electric utilities are you
20 referring to there?

21 L. GALLI: That I have done work for outside of
22 workforce planning?

23 J. SHEPHERD: Yeah. It says "selected client
24 projects."

25 L. GALLI: Yes.

26 J. SHEPHERD: The first one is "principal
27 consultant, workforce planning," and the client
28 includes "electric utility."

1 L. GALLI: Yes.

2 J. SHEPHERD: Who is that?

3 L. GALLI: That was Oshawa Power.

4 J. SHEPHERD: That is Oshawa Power. Okay.

5 L. GALLI: Yes.

6 J. SHEPHERD: And so the next one is on
7 compensation, and you also have "various electric
8 utilities." Who are they?

9 L. GALLI: That is a long list. So I done work
10 for various utilities. So that would include job
11 evaluation, which is part of compensation. I have
12 done job evaluations for Milton Hydro, Welland Hydro,
13 Enova Power. Actually, the list --

14 J. SHEPHERD: Can we pull up --

15 L. GALLI: -- Utilities Kingston. I could
16 undertake to --

17 J. VELLONE: There is a list at 4-X-175. I
18 don't know.

19 J. SHEPHERD: Oh, is there?

20 J. VELLONE: Yeah.

21 J. SHEPHERD: Oh, okay.

22 L. GALLI: That would be a subset. There are
23 additional utilities.

24 J. SHEPHERD: And have you ever appeared before
25 the Ontario Energy Board on any of those projects?
26 Except Horizon. We will get to Horizon.

27 L. GALLI: Not on those projects, no.

28 J. SHEPHERD: Okay. So then can we turn to the

1 page of your CV that deals with Horizon, please.

2 L. GALLI: Sure.

3 J. SHEPHERD: And you say there -- sorry, I am
4 waiting for it to come up. There we go. You say
5 there under "Corporate Representative For Cost of
6 Service" -- that is the only time you have appeared
7 before this board; right?

8 L. GALLI: That is correct.

9 J. SHEPHERD: And you say -- and that is the one
10 where you did a workforce plan that you just said was
11 very similar to this one; right?

12 L. GALLI: Yes.

13 J. SHEPHERD: And it says:

14 "Prepared HR submission, responded to
15 interrogatories, and acted as the corporate
16 witness for Horizon's 2011 cost of service
17 application during which all strategies,
18 models, and plans were examined, justified, and
19 successfully approved." [As read]

20 Now, that is not true, is it?

21 L. GALLI: I completed a workforce plan, and to
22 my recollection, that workforce plan was accepted.
23 But --

24 J. SHEPHERD: Well --

25 L. GALLI: -- I haven't gone back 14 years to
26 look at that evidence.

27 J. SHEPHERD: You don't remember the last time
28 you came before this board where they said, we are

1 not going to look at the workforce plan, and we are
2 not going to give you the budget you think you need?
3 You don't remember that?

4 J. VELLONE: Can you put that in front of the
5 witness?

6 J. SHEPHERD: Sorry?

7 J. VELLONE: Can you put that in front of the
8 witness?

9 J. SHEPHERD: Sure.

10 J. VELLONE: Show her a document.

11 J. SHEPHERD: Sure. At page -- let me see. At
12 page 53 of our compendium, this is the decision of
13 the board.

14 If you go to page 54, we have got an excerpt
15 under "Board Findings." It says here in the middle:

16 "While compensation is the largest component of
17 OM&A, the board is not inclined to delve into
18 the specific head count or FTEE numbers, or the
19 extent to which activities are contracted out
20 or undertaken by Horizon staff." [As read]

21 They go on to say, if you look at the bottom of
22 the page:

23 "We accept that there is a need to address an
24 aging workforce and aging infrastructure, but -
25 -" [As read]

26 And I quote:

27 "The board questions whether it is realistic to
28 expect that an increase of \$8 million can be

1 implemented." [As read]

2 And then they go on to say:

3 "We don't intend to delve into the details of
4 the hiring and deployment of employees." [As
5 read]

6 And later on in the next paragraph, they say:

7 "The board finds that the increase requested by
8 Horizon is excessive." [As read]

9 Now, you asked for 8 million, and they gave you
10 2.5. Isn't that right?

11 L. GALLI: Mr. Shepherd, I have not reviewed
12 this information in several years, so I would have to
13 review the information to confirm that.

14 J. SHEPHERD: Okay. Well, I was in that case,
15 and I remembered it. It was a very contentious case.

16 So do you have any other evidence that you have
17 done a workforce plan at any time that has been
18 approved by an independent regulator?

19 L. GALLI: No, I do not.

20 J. SHEPHERD: I have no further questions.

21 COMMISSIONER MORAN: Thank you, Mr. Shepherd.

22 Mr. Gluck -- sorry. Mr. Garner, you are next.

23 M. GARNER: Which one is it?

24 COMMISSIONER MORAN: Mr. Garner.

25 **CROSS-EXAMINATION BY M. GARNER:**

26 M. GARNER: Thank you.

27 I have just a few questions. And first -- the
28 first ones go to your -- the expertise of your CV.

1 L. GALLI: Yes.

2 M. GARNER: So bear with me. I see that you did
3 your MBA at the University of Phoenix. Now, I would
4 like to ask you when you went there, but I don't want
5 to really put it that way because I wouldn't want
6 anybody asking me when I went to university.

7 But what I would ask you is, there are two
8 universities of Phoenix. There is a pre-
9 correspondence school and a post-correspondence
10 school University of Phoenix. Did you do this one in
11 the correspondence University of Phoenix?

12 L. GALLI: Yes, I did.

13 M. GARNER: Thank you.

14 And was there a particular reason to do it
15 there? And I am not talking about it being
16 correspondence. I am talking about, like, did the
17 MBA program offer something special in your field?
18 Is that why you were doing it from there?

19 L. GALLI: It offered the flexibility I required
20 working full-time and being a mom.

21 M. GARNER: Yeah, no, I can understand that. I
22 was more going, did it attract you because it had a
23 particular academic who was in the field that you
24 were talking to? So don't get me wrong. I am not --
25 I am not opining on that not being a --

26 L. GALLI: No.

27 M. GARNER: -- good or bad thing. Okay. Thank
28 you.

1 And have you ever published any peer review
2 articles on the subject matter that you are talking
3 about?

4 L. GALLI: No, I have not.

5 M. GARNER: Okay. Thank you.

6 Now, the next thing I would like to go to is I
7 noticed in your report -- and I just -- maybe if we
8 could bring up my compendium. I noticed in your
9 report -- and let me just see. I think it is on page
10 101, if that can be found -- something that you
11 emphasized, and I just wanted to ask you about it.

12 If we are at page 101, and -- I am sorry -- the
13 tab is 23. And it is at 101. It says -- and I have
14 highlighted it. It says:

15 "Review does not include a review or
16 recommendation on executive-level positions."

17 [As read]

18 And I just want to ask you a little bit about
19 that. I am going to take you to another document
20 now.

21 L. GALLI: Sure.

22 M. GARNER: Which is at page 55 of my
23 compendium. I just want to clarify something.

24 So page 55 is a document that was provided that
25 show, you know, the different levels here. And what
26 I want to confirm with you is when you say that, are
27 you saying that your report doesn't deal with this
28 first line, executive, that went from -- if you look

1 at 2021 column -- 514 to 226? It is 2.9.

2 You are not dealing with that section in your
3 report. You are dealing -- as I understood, it was
4 the next two sections, the management sections, which
5 is management of sort of line staffing, and then the
6 sort of non-union, union, that kind of thing; is that
7 correct?

8 L. GALLI: That is correct. Assuming that
9 executive bucket includes the seven executives that
10 were identified --

11 M. GARNER: Right.

12 L. GALLI: -- for me to exclude, yes.

13 M. GARNER: Right. Okay. So I just wanted to
14 understand that. Because when you were explaining
15 your report just now and you were showing us the
16 second part of your report where you were talking
17 about -- and you will have to excuse me. I am not
18 sure if I wrote down the note.

19 You were calling it the -- not the -- the sort
20 of management staff-level people you looked at.
21 That, as I understand it from their evidence, would
22 be in their management line, not in their executive
23 line. Do you know that, or do --

24 L. GALLI: I do not know where they have
25 bucketed those.

26 M. GARNER: Okay. Thank you. There is one
27 more. Let me just check here.

28 The other thing I just want to ask you about,

1 and maybe it is there, is when did you -- when did
2 you complete this report? Like, when did the final
3 report --

4 L. GALLI: The final report was completed and
5 submitted in November of 2024.

6 M. GARNER: November of 2024.

7 L. GALLI: Correct.

8 M. GARNER: And at that time, had you already
9 reviewed -- you told us you had reviewed the
10 strategic plan. Had you seen the business plan for
11 the utility?

12 L. GALLI: No, I had not.

13 M. GARNER: You had not. Okay. Thank you.

14 And did you have discussions with the executive
15 of this company as to their expectations about where
16 their resource were as you were building up your
17 plan, as you were working on your plan? Did they
18 provide you with their opinion as to whether they
19 were understaffed, overstaffed, if you want to use
20 those shorthand terms?

21 L. GALLI: Attachment 4-8 outlines the scope
22 document that was provided by Marjorie Richards &
23 Associates. Included in that was the high-level
24 methodology utilized, and that included sitting with
25 each of the executives to understand their functional
26 areas and some of their challenges.

27 This was not an exchange of, hey, tell me what
28 you need. I took the strategic planning document. I

1 developed a questionnaire. I sat with those
2 executives. And I asked them several questions
3 trying to understand some of their challenges,
4 bottlenecks, what they anticipate they might need in
5 the future.

6 So it was a very -- you know, it was a very
7 different conversation focused on challenges,
8 opportunities, what some of the requirements might
9 be, some of those headaches, and --

10 M. GARNER: I understand. I don't want you to
11 get too -- thou protest too much maybe. I
12 understand.

13 L. GALLI: No. It wasn't intended to be that.

14 M. GARNER: And I wasn't making accusations.

15 But -- okay. Now, the next place I would like
16 to move to is -- in a number of the places -- and I
17 don't have them right in front of me. I am sure we
18 could bring them up.

19 But in a number of places, you are making
20 assessments as to whether Oshawa Power is under or
21 overstaffed presumably, right -- under or overstaffed
22 in certain areas.

23 And as I understand, the way you did that work
24 was you looked at other utilities in Ontario and then
25 compared that to Oshawa. And then I saw something to
26 the effect of you did a mini survey.

27 L. GALLI: Yes.

28 M. GARNER: Is that mini survey on the record in

1 this proceeding, do you know?

2 L. GALLI: No, it is not. I do summarize the
3 results of that survey.

4 M. GARNER: But you didn't put the survey on the
5 record? Is there a reason you would not want -- a
6 confidentiality reason that you would not want to put
7 that survey on the record?

8 L. GALLI: No. We did respond to that in an
9 interrogatory to share which utilities actually
10 participated in that particular survey.

11 M. GARNER: That would be who did it. I was
12 more interested in the survey. But maybe I should
13 just ask really kind of one of the points about why,
14 like, I was wondering what the survey was.

15 As you probably know, and you can see from this
16 utility, when you are looking at apples and -- trying
17 to make apples-and-apples comparison, the problem is
18 whether you are looking at apples and apples.

19 And one of the things in my experience is
20 utilities vary among their execution of jobs and
21 their internal and external execution of those roles.
22 And so when one is comparing those roles, one has to
23 accommodate that. How did you do that?

24 L. GALLI: So there are two tables that I think
25 are relevant in response to your question. The first
26 includes the table that you are, I believe, referring
27 to, which is the customer-to-FTE ratio.

28 In that particular case, that was used as just a

1 point of comparison to see where Oshawa Power would
2 stack up relative to other utilities. So that was
3 noted as an observation in my report. And certainly
4 to your point, that would not actually address any
5 outsourced activities to which we have heard evidence
6 that Oshawa Power outsources its collections
7 function.

8 And earlier in 2024, they had outsourced their
9 contact centre as well. So obviously that is not an
10 apples-to-apples, but that comparison also doesn't
11 take into account whether some of those other
12 comparator LDCs outsource any functions. But it was
13 an observation that I included.

14 The other comparison that was included was
15 controllable cost per customer. That is probably a
16 better benchmark from the perspective of that would
17 include all OM&A costs, including those outsource
18 services.

19 So, again, I am not a rate expert, but they were
20 used as observations and included in my report.

21 M. GARNER: Okay. Thank you.

22 I am at page -- it is hard to tell.

23 Just as an aside, there was no -- there is a
24 report, but the report, as I see it, it's a -- it's a
25 presentation; right? I am not missing another
26 report, so I think it's --

27 L. GALLI: That is correct.

28 M. GARNER: Yeah. Page 61, then, I think is

1 where I am at.

2 And it says:

3 "Capital work will increase by 20 percent
4 between 2026 and '30. This will require two
5 additional FTEs." [As read]

6 That is a pretty certain number of a pretty
7 certain thing. So I was kind of then -- begged the
8 question, so if capital projects are, by the board,
9 dealt with as only a 10 percent increase, can we
10 reduce that by exactly one person?

11 That seems to be a pretty linear formula you are
12 showing me there.

13 L. GALLI: That wasn't a formula that I
14 utilized. That was in discussions with Mr.
15 Weatherbee to ascertain exactly how many resources
16 would be required to support that level of increase
17 in the capital program.

18 So if suddenly that percentage changed and went
19 to 10 percent, as an example, would it be one? It
20 could be. We would have to obviously go back, and
21 with any analysis, you would have to go back and
22 reevaluate the inputs to determine if that would be
23 the appropriate assumption.

24 M. GARNER: Okay. Thank you.

25 I had one more, but I am desperately searching
26 for where it was in your report. Well, you know
27 what, I can't find it, but I am sure you will
28 remember it. It is somewhere in your recent report,

1 and there has been a little bit of discussion about
2 this.

3 There was -- there was a premise put forward in
4 the report that Oshawa Power is competing and
5 specifically competing with OPG's new office in
6 Oshawa. There are some things like that. And then I
7 started to wonder about that, and what I am -- you
8 know what OPG does, don't you?

9 L. GALLI: Yes.

10 M. GARNER: Okay. So they are not in the line
11 distribution business. They don't have linesmen
12 really. I mean, they may have some at their plants
13 to deal with their own stuff, but they don't have
14 linesmen. They don't do that same type of work as
15 LDC. And they may have accountants, and so does
16 LDCs.

17 But why -- why particular -- what evidence have
18 you that there is a competition? Is there evidence
19 that employees have left Oshawa that you looked at
20 that went over to that place that you said, well,
21 that shows me it? I mean --

22 L. GALLI: That was -- that was actually a point
23 taken out of the economic development report for
24 Oshawa that I reviewed. However, my comments
25 regarding the market specifically that Oshawa reports
26 within is not only referring to OPG.

27 Oshawa Power operates in a very competitive
28 market. We have Toronto Hydro, Alectra, Elexicon,

1 Toronto Hydro, Hydro One, all in that general service
2 area, so I would characterize that as a competitive
3 marketplace --

4 M. GARNER: Well, most of the utilizes have
5 Hydro One around them, so there is that.

6 But what I am -- what I am really trying to get
7 to -- I hear the same sort of thing, but I don't
8 actually see -- and your -- what I am hearing you say
9 is, well, you took this from another report you read.

10 I don't see any actual evidence in Oshawa of
11 that type of activity, there is someone who left --
12 went to come commute to Toronto Hydro. You didn't
13 have evidence of that? You're not --

14 L. GALLI: No.

15 M. GARNER: Right. Okay. I just wanted to be
16 clear how you came to your conclusions. I think --
17 thank you. I think those are my questions. Thank
18 you very much.

19 COMMISSIONER MORAN: Thank you, Mr. Garner.

20 Mr. Hobbins.

21 **CROSS-EXAMINATION BY T. HOBBS**

22 T. HOBBS: Good afternoon.

23 L. GALLI: Good afternoon.

24 T. HOBBS: I would like to begin by asking
25 about the benchmarking portion of your resource
26 optimization review. Staff has noticed an increase
27 in the number of general or administrative employees
28 compared to other types of employees over the past

1 years.

2 In your review, did you undertake any comparison
3 between Oshawa Power and other medium-sized utilities
4 with respect to the ratio of administrative or
5 general staff to total staff?

6 L. GALLI: No, I did not. In order to do that,
7 I think a point was made earlier, there would be a
8 requirement to go into those other utilities and
9 actually do a deep dive in terms of what the scope of
10 every department would be.

11 So as an example, a finance department might
12 indicate they have five staff members, and an HR
13 department, four. But in some cases, an organization
14 might house payroll and finance versus payroll in
15 human resources.

16 So in order to do that type of apples-to-apples
17 comparison, I would have had to do a deep dive into
18 the functions performed within each of those
19 departments within the other utilities.

20 T. HOBBS: Thank you.

21 If we could move on to discuss some of the
22 methodologies and conclusions that you made as part
23 your resource recommendations to Oshawa Power.

24 On page 61 of your report, at the first bullet,
25 you state that the number of new PLT/PME and
26 apprentice hires was informed by the fact that:

27 "Capital work will increase by over 20 percent
28 between 2026 and 2030, and this will require

1 two additional fully-certified PLTs per the
2 leadership team." {As read]

3 Can you confirm whether this analysis of capital
4 work is actually, in fact, a comparison of the
5 capital expenditure budget in 2021 to 2025 to the
6 budget in 2026 to 2030?

7 It is mostly a matter of comparison -- or
8 clarification, if you look at the first bullet point.

9 L. GALLI: Sorry. I am not sure I am clear on
10 the question. This specifically states that that 20
11 percent increase in capital will be between 2026 and
12 2030. I am not familiar with the requirements prior
13 to that.

14 T. HOBBINS: So -- but to be clear, the 20
15 percent figure is referring to a difference, and the
16 difference -- is the difference between the 2021 to
17 2025 forecast period, or is it between 2026 -- sorry.

18 Is the difference between the 2021 to 2025 and
19 the 2026 to 2030 periods? Or is it between 2026 and
20 2030? I understand what the slide says but --

21 L. GALLI: Sorry. It would be just -- and
22 correct me if I am not answering this appropriately.
23 The 20 percent would be experience commencing in
24 2026.

25 T. HOBBINS: As compared to?

26 L. GALLI: As compared to current state at the
27 time of our discussion.

28 T. HOBBINS: Could we pull up IR 4-X-182G. So

1 at G, we can see Oshawa Power is forecasting a 23
2 percent increase in the total expenditures in 2026 to
3 2030 compared to the planned 2021 to 2025 total
4 expenditures.

5 So can you confirm whether or not this is what
6 the slide point was representing? Or are these
7 different comparisons or numbers?

8 L. GALLI: I cannot confirm that particular
9 response. That response was provided by Oshawa
10 Power. I can only confirm that that information was
11 provided to me as a planned increase in capital
12 requiring two additional resources to complete the
13 work.

14 T. HOBBINS: Did you consider how much of the
15 increase in the work that is being done by the PLTs
16 and PMEs specifically?

17 L. GALLI: I am sorry. Can you repeat that
18 question?

19 T. HOBBINS: Do you consider -- did you consider
20 how much of the increase in work, the 20 percent, is
21 being done by PLTs and PMEs specifically?

22 L. GALLI: No, I did not. That was for -- I
23 believe that was Mr. Weatherbee's assessment.

24 T. HOBBINS: Okay. And when we look at
25 individual years in the 2021 to 2025 period, staff
26 notes that Oshawa Power spent in -- spent more in
27 2023 than the forecast period and comparable amounts
28 in 2025.

1 So if Oshawa Power was able to complete
2 increased work load in 2023 and 2025 with its current
3 head count, why can't Oshawa Power operate with the
4 same head count that it had in 2023?

5 L. GALLI: I cannot speak to the historical
6 requirements of Oshawa Power. I was -- that wasn't
7 within my scope of work. I can only comment on the
8 rate setting period for which this review includes.

9 T. HOBBINS: Okay. Thank you.

10 Could we move to -- that is page 74 of the
11 report. So the report notes that it is -- it
12 considered the introduction of several new
13 technologies to replace inefficient, antiquated
14 business systems and manual processes that exist due
15 to a lack of investment in technology over the years.
16 Is that right?

17 L. GALLI: That is correct.

18 T. HOBBINS: Can you tell us what technologies
19 implemented by Oshawa Power from 2021 to 2026 were
20 considered as part of this review to minimize head
21 count increases?

22 L. GALLI: I cannot speak to that period prior
23 to the date of this report. The discussion and my
24 notes here regarding change outs of systems reflected
25 a future-looking perspective on systems that were
26 being changed out, including the pending ERP
27 implementation.

28 T. HOBBINS: Oshawa Power introduced several

1 roles that were not part of the resource optimization
2 review. These roles included a distribution student,
3 a director, meter to cash, a director of governance,
4 and an IT student.

5 Did you give any consideration to these roles
6 prior to or during your analysis?

7 L. GALLI: I am not aware of which positions
8 Oshawa Power has introduced. My scope of work was
9 specific to the time period and the rate setting
10 period, and that was the focus of my analysis.

11 The positions that have been added since my
12 report was submitted or prior to my report being
13 submitted were not within my scope.

14 T. HOBBS: Understood. And so just to be
15 clear, you did not consider the roles that I had
16 listed? They don't sound familiar to you? That is
17 the distribution student, the director, meter to
18 cash, a manager of governance, and an IT student.

19 L. GALLI: No.

20 T. HOBBS: Thank you.

21 I have a few additional questions about the
22 specific roles that you recommend in your report. I
23 actually -- I am mistaken, sorry. That has already
24 been covered off.

25 If we could go to page 76. The resource
26 optimization report states here that the supply chain
27 management area requires centralization, process
28 improvement consistent with best practices, and

1 strategic sourcing. What observations led to this
2 conclusion and subsequent prescription to hire an
3 additional dedicated supply chain analyst in 2026?

4 L. GALLI: So as I noted in the scope document,
5 part of the methodology was to sit with each of the
6 executives in each of their respective functional
7 areas. In this particular case, I sat with the
8 executive at the time responsible for finance --
9 which was not Ms. Tang, it was Ms. Beckstead -- and
10 we had a discussion regarding supply chain
11 requirements.

12 In this particular case, we had a discussion
13 regarding the disparate approach to procurement
14 within the organization and the benefits of
15 centralizing that function specifically, and the
16 requirement for process improvement related to supply
17 chain and procurement activities to ensure they were
18 consistent with best practices, strategic sourcing,
19 and actual documentation of all of those processes.

20 The role was to focus on our key support, as I
21 have noted, inventory management, and a key component
22 of this was to complete work in terms of analysis on
23 inventory, purchasing, and various supply chain
24 information in order to inform decision-making work
25 that was identified as not being done at the time.
26 Further, they are embarking on an ERP implementation,
27 and there will be a requirement for functional
28 expertise to participant as part of that. The supply

1 chain area would form a large part of an
2 implementation of any financial and supply chain
3 system, and therefore, there would be an additional
4 resource required to complete that work.

5 T. HOBBSINS: Okay. Thank you, Ms. Galli. That
6 concludes my round of questioning.

7 COMMISSIONER MORAN: Thank you, Mr. Hobbins.

8 Commissioner Zlahtic, any questions?
9 Commissioner Dodds? I also have no questions. Any
10 redirect, Mr. Vellone?

11 **REDIRECT BY J. VELLONE**

12 J. VELLONE: Maybe just briefly. Can we pull up
13 your CV again quickly and go to -- pull that up. Go
14 to the role at Horizon Utilities, please. A little
15 higher.

16 And I think Mr. Shepherd brought you to the
17 corporate representative for cost of service on
18 Horizon's 2011 cost of service. Do you recall that
19 exchange?

20 L. GALLI: Yes.

21 J. VELLONE: And you couldn't remember the
22 specifics of that decision dated July 7th, 2011. Is
23 that right?

24 L. GALLI: That is right.

25 J. VELLONE: Were you a third party independent
26 consultant in that proceeding, or were you employed?

27 L. GALLI: No. I was employed by Horizon at the
28 time.

1 J. VELLONE: Thank you.

2 And if we scroll up on your CV here, we can see
3 you have had subsequent employment at Emterra Group,
4 at McKeil Marine, you were brought in as a part-time
5 instructor at Conestoga College, and then you started
6 your HR consulting practice in 2017. Is that right?

7 L. GALLI: Correct.

8 J. VELLONE: A lot of things have changed since
9 then. Is that fair?

10 L. GALLI: I would say so.

11 J. VELLONE: That is all.

12 COMMISSIONER MORAN: Thank you, Mr. Vellone.

13 And I believe that concludes the oral
14 proceeding. Just on behalf of the panel, I want to
15 thank all of the witnesses for their assistance in
16 helping us understand the application. And I also
17 want to acknowledge the assistance of the
18 representatives of all the intervenors and, in
19 particular, getting us through on time and -- to
20 conclude today.

21 So thank you very much, and we are adjourned.
22 Feel free to pack up. And no need to stand up here.

23 --- Whereupon the proceeding concluded at 3:40
24 p.m.