ONTARIO ENERGY BOARD

FILE NO.	**EB-2025-0252**	**Alectra Utilities Corporation**

VOLUME:	**3**	
DATE:	**March 9, 2026**	
BEFORE:	**Patrick Moran**	**Presiding Commissioner**
	David Sword	**Commissioner**
	Shadrzad Rahbar	**Commissioner**

EB-2025-0252

THE ONTARIO ENERGY BOARD

Alectra Utilities Corporation

Technical Conference

Proceeding held in person and virtually
at 2300 Yonge Street, 25th Floor, Toronto, Ontario
on Monday, March 9, 2026, commencing at 9:30 a.m.

VOLUME 3

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MARK GARNER BILL HARPER	Vulnerable Energy Consumers Coalition (VECC)

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1 Monday, March 9, 2026
2 --- Upon resuming on Monday, March 9, 2026, at
3 9:30 a.m.
4 R. DHILLON: Good morning, everyone. Welcome
5 back to day 3 of the technical conference for Alectra
6 Utilities Corporation. Just have a few preliminary
7 matters that I believe Alectra's counsel will
8 address. Over to you, Ms. Coban.
9 **PRELIMINARY MATTERS**
10 D. COBAN: Good morning. We just wanted to
11 enter on to the record the written questions that
12 were submitted by AMPCO via e-mail for this panel.
13 We could give that an undertaking number, please.
14 And I will also pass it -- oh, sorry, go ahead.
15 R. DHILLON: I will mark that as Undertaking JT-
16 3.1.
17 **UNDERTAKING JT-3.1: WRITTEN QUESTIONS SUBMITTED**
18 **BY AMPCO**
19 D. COBAN: Thank you.
20 And then I will pass it over to Mr. Sternberg to
21 introduce our panel and have the panel provide
22 corrections to two IRs that have been identified.
23 Thank you.
24 R. DHILLON: Thank you.
25 C. LI: Excuse me, Ms. Coban. I just -- this is
26 Clement Li here. I just sent in the BOMA written
27 question for -- remember the exchange we had last
28 Thursday?

1 D. COBAN: Yes, yes.
2 C. LI: Do you want to enter that as an
3 undertaking too?
4 D. COBAN: We were thinking to enter that for
5 Panel 4, just for our purposes.
6 C. LI: Okay.
7 D. COBAN: Just to be able to track that to the
8 appropriate subject matter experts.
9 C. LI: That is fine. That is fine. Thank you.
10 D. COBAN: Yeah.
11 A. STERNBERG: Good morning, everyone. It is
12 Mr. Sternberg. We have Panel 3 here. They are ready
13 to introduce themselves. I will ask them to do that
14 beginning with Mr. Villett, and then there are two
15 interrogatories that I understand in preparing for
16 today, it was noticed that there are inadvertent
17 errors with a few of the numbers in two of them. So
18 once we do introductions, I will ask the appropriate
19 person on the panel to indicate on the record what
20 those corrections are.
21 M. VILLETT: Good morning. My name is Marc
22 Villett. I am the senior vice president of finance
23 at Alectra Utilities. I have been in the industry
24 over 20 years, previously at Hydro One Networks and
25 Hydro One Brampton. I joined Alectra Utilities
26 through the acquisition of Hydro One Brampton.
27 Today, I will be speaking to the business
28 planning, OM&A overview, finance OM&A, and corporate

1 services, with the exception of regulatory affairs,
2 which will be handled by Panel 4.
3 Now I will turn it over Ms. Candlish to
4 introduce herself.
5 D. CANDLISH: Good morning. My name is Deanna
6 Candlish. I am the vice president of people at
7 Alectra Utilities with over 20 years of experience in
8 the industry. And today, I will be speaking to the
9 HR program, workforce planning, and compensation.
10 M. MALINOWSKI: Good morning. I am Michael
11 Malinowski, vice president of finance at Alectra
12 Utilities. I joined Alectra five years ago and have
13 been in the industry for 18 years. I will be
14 speaking to overhead costs and the direct labour
15 capitalization study.
16 N. MCLAUCHLIN: Good morning. My name is
17 Nathalie McLauchlin. I am the VP of the business
18 transformation team. I am an engineer with 25 years
19 of experience in the energy sector. I am going to be
20 speaking to the business transformation program as
21 well as the productivity.
22 G. BODURYAN: Good morning. My name is Garen
23 Boduryan. I am director of strategic analytics and
24 transformation at Alectra. I have 13 years of
25 experience in the utility. And today, I will be
26 speaking about the merger consolidation. Thank you.
27 A. STERNBERG: Thank you, Panel.
28 I would ask now Ms. Candlish to read into the

1 record the corrections to the two interrogatories,
2 please.
3 D. CANDLISH: So the first correction is related
4 to 4-AMPCO-80. It is response item B in table 1.
5 This is the labour from 2020 to 2025.
6 So the correction is related to the regular
7 dollars actual. For 2020, it is 188.2. For 2021, it
8 should be 196.7; for 2022, 202.3; for 2023, 209.1;
9 for 2024, 219; and then for 2025, 233.7.
10 The second correction is related to AMPCO-75,
11 and this is in response to item B. And as part of
12 table 1, the 2026 percentages should be 3.5 percent.
13 Thank you.
14 R. DHILLON: Thank you.
15 A. STERNBERG: I think that completes the
16 preliminary points from us.
17 R. DHILLON: Thank you, much appreciated.
18 As you can appreciate, we do have a full
19 schedule today, so I would ask everyone to stay on
20 track with the allotted time that they have.
21 The time is now 9:37, and I will turn it over to
22 SEC, Mr. Rubenstein. Thank you.
23 M. RUBENSTEIN: Good morning, Panel. My
24 colleague, Ms. Scott, will lead SEC off for this
25 panel.
26 **CROSS-EXAMINATION BY J. SCOTT (SEC)**
27 J. SCOTT: There we go. Good morning, Panel.
28 My name is Jane Scott. I am a consultant with the

1 School Energy Coalition.
2 Could we start off with 1-SEC-1 and the
3 attachment, the May 15th, 2025, financial plan update
4 and page 127 of that update, which is PDF page 26.
5 One back. Yes.
6 So my first question, the comment on the bottom
7 about the property taxes and the property taxes are
8 anticipated to start the new assessment. Do you have
9 any information from MCAP about the reassessment
10 going ahead?
11 M. VILLETT: No, I don't have any specific
12 information on that.
13 J. SCOTT: So it is still you are anticipating
14 it, but it has not -- I mean, there is nothing,
15 obviously, on the website about it, I just -- whether
16 you had any inside information about that they were
17 planning to go ahead.
18 M. VILLETT: No, I don't.
19 J. SCOTT: If it does go ahead, what would be
20 the -- what part of the increase for 2027 would be
21 attributable to that reassessment?
22 M. VILLETT: I don't have that information with
23 me today. I would have to take an undertaking.
24 J. SCOTT: If you could take that.
25 R. DHILLON: Ms. Scott, can you please repeat
26 the undertaking.
27 J. SCOTT: To provide the amount of the increase
28 from 2027 -- from 2026 to 2027 property taxes that

1 are attributable to the reassessment.
2 R. DHILLON: Thank you. I will mark that as
3 Undertaking JT-3.2.
4 J. SCOTT: Thank you.
5 **UNDERTAKING JT-3.2: PROVIDE THE AMOUNT OF THE**
6 **INCREASE IN PROPERTY TAXES FROM 2026 TO 2027**
7 **THAT ARE ATTRIBUTABLE TO THE REASSESSMENT**
8 J. SCOTT: And then if we go down to the next
9 page of that, so what I am interested in is the red
10 line, the OM&A in rates. And so in 2017, it says
11 226.1. If we can just remember that number, and then
12 go to 4-SEC-78. And go down to the next table where
13 that table figure 1 shows the total OM&A and rates is
14 242.4. So I am just trying to reconcile those two
15 numbers.
16 M. VILLETT: So on slide 128 of the
17 presentation, there is a footnote there, the 226.1,
18 it has been normalized for burden pool depreciation
19 recoveries allocated to depreciation, whereas the 4-
20 SEC-78 is what is in rates.
21 J. SCOTT: Maybe I can ask you, then, to provide
22 for what we have got, if we have the 2017 number up
23 to 2026, what the actual -- the OM&A in rates is and
24 how it was calculated. If it is -- if the numbers on
25 page 126 are not the numbers that I should be using.
26 M. VILLETT: So you are looking for the 2017 to
27 '26 OM&A that is in rates?
28 J. SCOTT: Yes, and how it is calculated.

1 M. VILLETT: Okay. We can undertake to provide
2 that.
3 J. SCOTT: Okay. Thank you.
4 R. DHILLON: I will mark that as Undertaking JT-
5 3.3.
6 **UNDERTAKING JT-3.3: PROVIDE THE OM&A FOR 2017**
7 **TO 2026 AND HOW THEY WERE CALCULATED**
8 J. SCOTT: And then if we can go to chart 4-1-1.
9 And 4-SEC-78 explained about the -- I will wait until
10 it is pulled up. Chart -- yeah, chart 4. Sorry.
11 Chart 4-1-1.
12 So in this chart, the 2017 actuals is the -- is
13 it -- a 215 million, which agrees with what is in
14 128.
15 Now, if I understand the prorated amount, so the
16 2017 actuals doesn't include certain months for
17 certain utilities. So in order to include those,
18 what you have done is take the OM&A in rates and
19 prorate it. Is that correct?
20 M. VILLETT: Yes, that is correct. On Exhibit
21 4, tab 1, schedule 3, page 2, it references that
22 Horizon, PowerStream, and EnerSource were integrated
23 for 11 months while Hydro One Brampton was integrated
24 for 10. So we did the proration to basically make a
25 full year for 2017.
26 J. SCOTT: Right. So the actual cost of
27 operating those four utilities in 2017 is the 215
28 plus the 22?

1 M. VILLETT: It is not the actuals for January.
2 It is an estimate. That is what the 22 is, it is a
3 proration, but not the actuals for those -- for
4 January and February.
5 J. SCOTT: So the assumption is that for those
6 months, they spent what was in rates. Is that
7 correct?
8 M. VILLETT: Yes, that is the assumption.
9 J. SCOTT: Okay. But we don't have the numbers
10 for what was actually spent. I don't know, can you
11 provide those or...
12 M. VILLETT: Those numbers were prior to the
13 merger. So they would be on a different basis.
14 J. SCOTT: Okay. We will leave it there.
15 If we could move to 1-CCC-5, table 7, which
16 shows the annual -- right -- the annual forecasted
17 merger savings. Do we have the annual forecasted
18 merger savings? And what I am looking for is in the
19 same format as table 191 but as opposed to actuals,
20 the forecasted that would obviously add up and
21 annualize to these numbers.
22 G. BODURYAN: Just a clarification question.
23 The table 7 that you referred to, which number
24 specifically are you looking at?
25 J. SCOTT: Well, I am specifically looking for
26 the Alectra-Guelph merger OM&A. Others might want
27 other things, but my focus is on the OM&A number.
28 G. BODURYAN: Thank you. And that is you are

1 looking for the actual sustained synergies?
2 J. SCOTT: No. The forecast.
3 G. BODURYAN: The forecast?
4 J. SCOTT: What was forecasted back when the
5 mergers were approved that result in these annual
6 numbers.
7 D. COBAN: Maybe just in the interest of time,
8 we can take that one away to consider if we have that
9 information readily available to provide. So if we
10 can give that an undertaking number.
11 R. DHILLON: I will mark that as Undertaking JT-
12 3.4.
13 D. COBAN: Thank you.
14 **UNDERTAKING JT-3.4: PROVIDE THE ANNUAL**
15 **FORECASTED MERGER SAVINGS FOR THE ALECTRA-GUELPH**
16 **MERGER OM&A**
17 J. SCOTT: If we move to -- and you don't need
18 to pull this one up -- 4-SEC-89, it actually referred
19 to 4-Staff-171. If we can -- part C. Yeah. So if
20 we go to the bottom, it shows the total number of
21 positions being added. Is that correct? These are
22 positions?
23 D. CANDLISH: Yes, that is correct. These are
24 the distinctly added positions, and those are the
25 totals.
26 J. SCOTT: And then so if we look at -- and it
27 doesn't need to be pulled up -- the updated appendix
28 2K which shows the number of FTEs, I am trying to

1 understand the relationship between -- and if we can
2 use 2027 as an example, so there is 99 positions
3 being added, and there is 56.2 FTEs, an increase of
4 56.2 FTEs, and how we go from one to the other.
5 D. CANDLISH: This table that we are looking at
6 is provided on a position basis, not an FTE basis.
7 So just to further explain, one position could
8 potentially equate to a 0.5 FTE if this position was
9 going to be added midway through the year.
10 J. SCOTT: Right. But what -- maybe it is what
11 assumptions have you made to go from the 99 to get to
12 the 56.2?
13 D. CANDLISH: So just to note, again, this table
14 is only positions added. This does not reflect any
15 potential reduction in other areas. So this is
16 purely additions. There are also -- and conversely,
17 there may be reductions in the same year. And,
18 again, it is position, not FTE. So there won't be a
19 direct correlation.
20 J. SCOTT: Right. But you can't -- so you can't
21 say 99 positions added, we have assumed there are --
22 they are starting at this point, or we are using a
23 vacancy rate of this. We are also losing X number of
24 FTEs. Multiply one by the other, subtract the other,
25 we come up with our 56.2?
26 D. CANDLISH: So the -- as I had identified, so
27 2K accounts for sort of, I will say, the ins and the
28 outs, so the additions and the reductions, and is

1 calculated on an FTE basis --
2 J. SCOTT: I understand that.
3 D. CANDLISH: -- and this chart, just positions
4 and just additions.
5 J. SCOTT: Uh-huh. But there is no -- you have
6 no way of showing how the addition of 99 positions
7 contributed to the increase of 56.3 FTEs?
8 D. CANDLISH: I would say, again, not directly.
9 So in order to get to the 53 -- or the 56.2 you had
10 referenced, again, we would have to convert this to
11 FTEs and then show sort of the additions and the
12 reductions.
13 J. SCOTT: So can you do that?
14 D. CANDLISH: For 2027?
15 J. SCOTT: That would be a start. Probably it
16 would be nice to see all the years but if -- what can
17 you do?
18 D. CANDLISH: I believe -- yeah, we can
19 undertake to provide that for 2027.
20 J. SCOTT: Okay.
21 R. DHILLON: I will mark that --
22 J. SCOTT: I assume that will show how a vacancy
23 rate plays into this calculation?
24 D. CANDLISH: So the -- in terms of -- so if we
25 are reconciling between the chart on Staff-171 and
26 2K, neither of these have the vacancy rate applied
27 into the FTE calculation or the positions.
28 J. SCOTT: Okay. That is -- yes, you are right.

1 I did know that. Okay. So it would be -- well,
2 let's see, then. I will see what you provide, then,
3 how you explain -- explain it. Okay.
4 R. DHILLON: Thank you.
5 J. SCOTT: So, yes, if we can have an
6 undertaking for that. Thank you.
7 R. DHILLON: I will mark that as undertaking JT-
8 3.5.
9 **UNDERTAKING JT-3.5: SHOW HOW THE ADDITION OF 99**
10 **POSITIONS CONTRIBUTED TO THE INCREASE OF 56.3**
11 **FTES FOR 2027**
12 J. SCOTT: So in the updated 2K, it shows that
13 41 FTEs were added in 2025, so that -- my
14 understanding is that that has been updated for -- so
15 that is actuals. Maybe if you want to bring up the -
16 - it is under 1-SEC-24.
17 D. CANDLISH: Yes. This has been updated with
18 the actual FTE for 2025.
19 J. SCOTT: So this may be related to what we
20 just talked about. That -- the increase, the 41 FTEs
21 that are added relates back to new positions being
22 added. Do you know the average start date of those
23 new positions being added?
24 D. CANDLISH: So in terms of accounting for the
25 difference between 2024 and 2025, yes, that could be
26 the result of additional positions and/or filling
27 vacancies that potentially existed in 2024. In terms
28 of the average start date for new positions in 2025,

1 I don't have that information available.
2 J. SCOTT: Do you make -- I mean, maybe if you
3 have access to it and you could provide it, do you
4 have an assumption -- what assumption do you make for
5 2026 and 2027 about start dates?
6 D. CANDLISH: In terms of '26 and '27, when we
7 go through the head count and budgeting process, we
8 determine -- predetermine a start date for each of
9 those positions. Example 1 might start in March; one
10 might start in July; one might start January 1st.
11 J. SCOTT: And you do that position by position?
12 D. CANDLISH: Yes, we do.
13 J. SCOTT: Okay. Maybe for those 99 positions,
14 we could get that information? Each one --
15 D. CANDLISH: So just the 99 you are referring
16 to is coming from 2027 and Staff-171?
17 J. SCOTT: Yes, yes.
18 D. COBAN: Ms. Scott, I am just wondering about
19 the level of granularity that you are asking for in
20 terms of going through one of these 99 positions and
21 wondering if perhaps we can satisfy your request by,
22 you know, looking at an average or --
23 J. SCOTT: Yeah, and that would be fine -- yes.
24 And that -- that would be fine if there is some -- if
25 you can give us for 2027 a vacancy rate based on
26 start date for those new positions, yes.
27 D. CANDLISH: Just to clarify, are you looking
28 at the average start date for the new positions added

1 which would tie into the 99?
2 J. SCOTT: Yes.
3 D. CANDLISH: Okay. Yes, we can do that.
4 J. SCOTT: Okay.
5 R. DHILLON: I will mark that as Undertaking JT-
6 3.6.
7 **UNDERTAKING JT-3.6: PROVIDE THE AVERAGE START**
8 **DATES REGARDING THE 99 POSITIONS REFERRED TO IN**
9 **STAFF-171**
10 J. SCOTT: And if you could just give an update
11 on the status of the hiring of the new positions/new
12 FTEs in 2026?
13 D. CANDLISH: I don't have that information
14 available at this time.
15 J. SCOTT: Could you -- are you able to go back
16 and find something out?
17 D. CANDLISH: Sure. So are you looking, again,
18 for the new positions in 2026?
19 J. SCOTT: Yes.
20 D. CANDLISH: And whether they have been filled
21 or not?
22 J. SCOTT: Yeah, and maybe, you know, filled,
23 posted. That sort of thing.
24 D. CANDLISH: Yes, we can undertake to do that.
25 R. DHILLON: I will mark that as Undertaking JT-
26 3.7.
27 **UNDERTAKING JT-3.7: PROVIDE AN UPDATE ON THE**
28 **STATUS OF THE HIRING OF NEW POSITIONS/NEW FTES**

1 **IN 2026**

2 J. SCOTT: Okay. Thank you. Those are my
3 questions. I will pass it over to my colleague Mr.
4 Rubenstein.

5 **CROSS-EXAMINATION BY M. RUBENSTEIN (SEC)**

6 M. RUBENSTEIN: Good morning, Panel. Can I ask
7 you to turn to 1-SEC-3. And in this interrogatory,
8 we asked you to provide summaries of all internal
9 audit reports conducted since the merger related to
10 any aspect that directly or indirectly relates to
11 Alectra's business, their findings, recommendations,
12 and the status of the actions that have or are to be
13 taken, and you provided a list of internal audit
14 reports, what you call a summary of observations, and
15 a status, a due date, and status update.

16 But what you -- what you -- what you really have
17 provided is just really a general summary of what the
18 report is about. It doesn't provide a summary of the
19 individual findings, what were the recommendations
20 that we had asked for, and then the status, or at
21 least I am not clear exactly what the status update
22 there is when it says "completed." I am not sure
23 what exactly was completed if that is the
24 recommendation.

25 So in light of that can I ask that -- especially
26 where we are in the process, that you provide a full
27 version of the following audit reports. I will read
28 them into the record right now.

1 The first is -- I will give you the date and the
2 -- the report issue date and the internal audit name.
3 The first is May 2025 contract centre productivity;
4 July 2024, productivity benefits; January 2024,
5 productivity reporting framework; December 2022,
6 green energy and technology centre; June 2022, new
7 connections; April 2022, Guelph Hydro ERP final
8 report; January 2022, software asset management
9 assessment; July 2021, fleet services; May 2021,
10 budgeting; December 2021, shared services; June 2020,
11 economic evaluation model; January 2020, synergy
12 savings and transition costs; September 2019,
13 sustained savings; and April 2019, capital versus
14 operating costs.
15 Can you undertake to provide that, please?
16 D. COBAN: Mr. Rubenstein, that is quite a
17 lengthy list, so what we can do right now is
18 undertake to consider your request. If we think it
19 is appropriate and we are able to provide the
20 information, we will; if not, we will explain why.
21 R. DHILLON: I will mark that as Undertaking JT-
22 3.8.
23 **UNDERTAKING JT-3.8: PROVIDE THE FULL VERSIONS**
24 **OF THE INTERNAL AUDIT REPORTS REFERENCED IN THE**
25 **RESPONSE TO 1-SEC-3**
26 M. RUBENSTEIN: Thank you.
27 Can we go to 1-SEC-8. And in this
28 interrogatory, we asked you to provide a copy of the

1 Alectra's corporate scorecard in 2019. And if we go
2 to starting on page 3 of the response, starting with
3 the 2023 corporate scorecard, you will see the third
4 metric measure down is productivity improvements, and
5 this -- there is a version of this in each of the
6 2024 and 2025. Do you see that?
7 Can you help me understand how that -- the
8 measure is calculated, what is included in that? And
9 I ask because when I look and I match the actuals
10 versus the information provided in SEC-12, they don't
11 match, and I am trying to understand what the
12 difference is.
13 N. MCLAUCHLIN: So what you see on the screen is
14 the target that is set for that year. It is a year-
15 over-year incremental value only for expected
16 reductions. Also, for capital savings, we apply an 8
17 percent value to all capital savings to be able to
18 bring it up to something comparable with the OM&A.
19 M. RUBENSTEIN: Sorry. Sorry. Just --
20 N. MCLAUCHLIN: We would only take 8 percent of
21 the capital savings to apply to this target as a
22 value.
23 M. RUBENSTEIN: So to reflect sort of a revenue
24 requirement estimation?
25 N. MCLAUCHLIN: That is correct.
26 M. RUBENSTEIN: Okay.
27 Can I ask -- since I am not going to do the math
28 now and look through it, can I ask you to just

1 reconcile the information in '23, '24, and '25 to
2 SEC-12?
3 N. MCLAUCHLIN: Yes, I can do that.
4 M. RUBENSTEIN: Thank you.
5 R. DHILLON: I will mark that as Undertaking JT-
6 3.9.
7 **UNDERTAKING JT-3.9: RECONCILE THE INFORMATION**
8 **IN 2023, 2024, AND 2025 TO SEC-12**
9 M. RUBENSTEIN: Can we go to 1-SEC-15. And in
10 part B, we asked you -- this was based on a table in
11 the pre-filed evidence -- for each of the functions,
12 positions included in table 199, please provide the
13 number of total positions at the time of the merger
14 and how many are proposed to be included in 2027.
15 And if you go to your response, you are
16 providing the incremental positions, which is very
17 similar to the original table, and what we were
18 looking at is for each of these functions, at the
19 time of the merger, how many total positions had that
20 function, and what is the total positions for each of
21 those functions in 2027, not the incremental
22 positions?
23 G. BODURYAN: That was a misunderstanding on our
24 part, so our apologies. We would have to review the
25 information and see whether we could provide an
26 adequate response and the information that you are
27 looking for.
28 M. RUBENSTEIN: Thank you.

1 R. DHILLON: I will mark that as Undertaking JT-
2 3.10.
3 **UNDERTAKING JT-3.10: PROVIDE, FOR EACH FUNCTION**
4 **LISTED IN TABLE 199 REFERENCED IN 1-SEC-15, THE**
5 **TOTAL NUMBER OF POSITIONS AT THE TIME OF THE**
6 **MERGER AND THE TOTAL NUMBER OF POSITIONS**
7 **PROPOSED FOR 2027**
8 M. RUBENSTEIN: Can we go to 1-Staff-32. And in
9 part A, you were asked about comments in the evidence
10 -- oh, sorry. Wrong -- sorry.
11 I just want to make sure I understand the
12 response here for 1-Staff-32. As I understand, table
13 1 is a list of initiatives you're doing in 2027 and
14 2028, the costs are included in the application, in
15 the budgets, and that you expect to have productivity
16 benefits, but at this time, you haven't quantified
17 them for the purposes of inclusion in the budget; am
18 I getting that right?
19 N. MCLAUCHLIN: So these are projects that are
20 listed in our DSP on various years to meet the
21 business requirements. There is potential for
22 productivity in these projects. And when the
23 projects are well defined, my team would develop a
24 productivity forecast once a project has gone through
25 discovery and have a better understanding of how we
26 can measure and report on the savings.
27 M. RUBENSTEIN: No. I understand the issue
28 about your comments about being unable to quantify

1 it, but I just want to understand. These are
2 projects -- the costs are in the -- are in the DSP.
3 They are in the rate -- the budgets that you are
4 seeking recovery from ratepayers; that part correct?
5 N. MCLAUCHLIN: That is correct.
6 M. RUBENSTEIN: And then the second part is you
7 expect that there will be some quantifiable benefits,
8 but you don't know exactly what they are at this
9 point; do I -- you can't quantify them at this point?
10 N. MCLAUCHLIN: So from a productivity
11 standpoint, we have not established a baseline to be
12 able to prepare a productivity estimate; however, the
13 business owners who have put these -- these projects
14 into the DSP, any known savings would have been
15 included in the plan for expected reductions, and any
16 cost avoidance or efficiency benefits would have been
17 considered by these program owners and building out
18 what would be required from an FTE perspective. And
19 so that is my understanding. This is our process for
20 our capital planning process.
21 M. RUBENSTEIN: Okay. But they wouldn't have
22 got to the point where you -- you know, they are
23 measured as a productivity -- so that's all those
24 things that you are saying is quantified?
25 N. MCLAUCHLIN: My understanding is that the
26 savings have been incorporated into the -- into the
27 plans, yes.
28 M. RUBENSTEIN: But you don't know what those --

1 you can't quantify those savings?
2 N. MCLAUCHLIN: I have not quantified them from
3 a productivity standpoint.
4 M. RUBENSTEIN: And I just -- I don't want to
5 say, have you quantified them from a non-productivity
6 standpoint? I don't mean it that way. But maybe for
7 the framework, they haven't been quantified, but
8 there is -- let's just sort of -- another bucket here
9 where there is other savings that you are talking
10 about, and you say they are quantified, but we -- you
11 say they are included in the budget, those savings,
12 but we haven't quantified that element; right?
13 N. MCLAUCHLIN: So I -- the productivity team
14 has not quantified it, yes, that is correct.
15 M. RUBENSTEIN: Okay.
16 Can I ask you to go to 9-SEC-111, and this, I
17 think, because it is a -- sorry. One second. If you
18 can just give me a second here. Sorry. I apologize.
19 This is -- yeah, so this -- as I was preparing for
20 this this weekend, I noted this is mapped to your
21 panel. The question I have actually may have been
22 best actually, in retrospect, asked to the last
23 panel, so you may have to take this by way of
24 undertaking.
25 If you go to the -- I apologize. My computer is
26 freezing here. If you go to the table 4. So in this
27 question, we asked -- just maybe to refresh what we
28 had asked here, we had asked you what amounts were

1 built into the 2027 to 2031 revenue requirement for
2 cloud computing broken down by capital and OM&A.
3 That is what this table is showing. There is a
4 category called "potential cloud implementation," and
5 my question is -- it is just not clear to me, for the
6 purposes of the budgeting, is the assumption that it
7 would be cloud computing; right? Because there are
8 cost differences, obviously, between cloud computing
9 and a non-cloud computing solution.
10 So it was just not clear to me for the purposes
11 of what is in our budget if you're -- you haven't
12 made the decision maybe to do it or not, but are you
13 assuming that you -- that it is a cloud computing
14 solution for the purposes of the budgeting that
15 underlies the application?
16 M. VILLETT: So with respect to table 4, the
17 assumption for the potential cloud is that those
18 would be OM&A. Table 3 also has potential cloud, but
19 those -- the assumption would be -- in the budget
20 would be capital.
21 M. RUBENSTEIN: Okay. But the -- I guess maybe
22 I am just confused by the term "potential cloud
23 implementation." I guess my question is what are you
24 assuming for the purpose of the budget; will there be
25 cloud or no cloud?
26 M. VILLETT: So with some of the projects at the
27 time we put the budget together, the project owners
28 didn't know whether they were going to select an on-

1 premise or a cloud solution. In table 3, they
2 assumed it would be on premise, but they haven't gone
3 through the RFP. They haven't actually necessarily
4 selected the product. And some of these future
5 projects, perhaps on premise, might not even be
6 available. So we just didn't have enough information
7 to -- from the project owner to determine that it was
8 going to be for sure a cloud project versus an on-
9 premise.
10 M. RUBENSTEIN: Okay. So I take it if it is in
11 table 3, you have assumed it is on premise, not
12 cloud? And then table 4, you are -- where it says
13 "potential cloud implementation," you are assuming it
14 -- and the reason I only pause at that is because you
15 can have cloud where some of it is capitalized and
16 some is OM&A, and that is where I -- it gets a little
17 bit complicated if it is cloud or not cloud.
18 M. VILLETT: Yeah, I would say for table 3, we
19 assumed it is capital. I don't know if we always
20 assumed it was on premise for those, but we assumed
21 in the budget that these would be capital.
22 M. RUBENSTEIN: Okay. Can I ask you to go to --
23 actually, sorry. I apologize. Can you go to 4-
24 AMPCO-80.
25 And in the attachment, you provide the 2K
26 position in a further breakdown. So maybe we can
27 just pull that up quickly. And one of the things
28 that you were asked to provide was a breakdown which

1 -- from originally management and non-union and union
2 to executive management non-union and union. Do you
3 see that?
4 D. CANDLISH: Yes, that is correct.
5 M. RUBENSTEIN: And what I take from the two
6 executives listed at the top is that the remaining
7 Alectra Utilities executives are at that level are
8 not shown here because they are employed by Alectra
9 Inc. Is that right?
10 D. CANDLISH: Yes. The remaining executives
11 would not be included in Alectra Utilities
12 Corporation.
13 M. RUBENSTEIN: And their costs are -- their
14 allocated costs -- they have allocated cost to the
15 utility, and they show up in the 'M' budget or the
16 capital budget, and maybe they are just not in the
17 2K. Correct?
18 D. CANDLISH: Yes, that is correct.
19 M. RUBENSTEIN: And also -- and I -- based on
20 that, there are certain services Alectra Utilities
21 provides to its affiliates. Correct?
22 D. CANDLISH: Just to clarify, yeah, this -- the
23 FTEs that are included in this are for Alectra
24 Utilities Corporation. I think if you have questions
25 about sort of the shared service or the allocation,
26 we would have to defer that to Panel 4.
27 M. RUBENSTEIN: Well, I just want to know what
28 is in the table.

1 D. CANDLISH: Okay.
2 M. RUBENSTEIN: So if I am -- just at a broad
3 sense, am I correct that there are certain services
4 that Alectra Utilities provides to its affiliates?
5 D. CANDLISH: Yes.
6 M. RUBENSTEIN: And if I am an employee who
7 provides -- spends some of my time -- I am an Alectra
8 Utilities employee, I spend some of my time providing
9 services to one of the affiliates, am I in the 2K
10 table? I understand there may be offsets --
11 D. CANDLISH: Yes. Yes --
12 M. RUBENSTEIN: -- somewhere else, but am I in
13 the 2K table?
14 D. CANDLISH: -- that is correct. Yes. If you
15 work for Alectra Utilities, yes.
16 M. RUBENSTEIN: Okay. I was wondering if you
17 could provide a revised version of appendix 2K as
18 shown in 4-AMPCO-80 at that level that shows all the
19 compensation costs paid by ratepayers, so that would
20 be -- so, sorry, I should say all Alectra-related
21 compensation costs, so Alectra or any of its
22 affiliates.
23 So that would include Alectra affiliates and
24 holding company employees who do work for the
25 utility, and then it would exclude compensation costs
26 by Alectra Utilities employees who do work for the
27 affiliates as well as, I understand, there are
28 certain grid -- I forget the -- GRE&T elements of the

1 application that is being paid by the shareholder.
2 Is there one where we can just see, really, what
3 are the -- what are the compensation costs by the
4 affiliate -- sorry, the Alectra parent of companies
5 that are being paid for by ratepayers in this
6 application? Is that something that can we done?
7 D. COBAN: Mr. Rubenstein, I think your request
8 -- I am personally struggling a little bit with it
9 because, you know, we have prepared appendix 2K and
10 appendix 2N in accordance with the Board's filing
11 requirements, and it would be, I think, a
12 considerable amount of work to undo that and present
13 it in the way that you have.
14 So I think at best, what we can do is just take
15 your request away to consider if it is an appropriate
16 request and if it is doable within the timelines.
17 But I am struggling with it because you are asking us
18 to kind of merge two appendices that the OEB has
19 designed in a deliberate way.
20 M. RUBENSTEIN: Well, all I can say is the
21 company obviously has -- there is an -- affiliate
22 individuals who do work for the company that are
23 being asked to -- or being -- or allocated full -- on
24 a fully allocated basis to the -- that ratepayers
25 have to pay. And we also have a bit of the flip
26 side, obviously, and I recognize that, where there
27 are company employees that are doing work for
28 affiliates and ratepayers that is offset somewhere

1 else.
2 So I am just trying to get a picture of what are
3 the actual compensation costs of the -- regardless of
4 how the company -- the Alectra family structures
5 itself, of what ratepayers are being asked to pay. I
6 think it is clearly relevant. The amount of work and
7 all that, that, I can't speak to, obviously.
8 D. COBAN: I understand what you are looking
9 for. I am just -- you know, the best we can do right
10 here is to just take it away and consider it and look
11 at that relative to the work effort involved and
12 whether we think it is an appropriate request in
13 light of the filing requirements and how they have
14 been structured.
15 R. DHILLON: I will mark that as undertaking JT-
16 3.11.
17 **UNDERTAKING JT-3.11: PROVIDE A REVISED VERSION**
18 **OF APPENDIX 2K CAN BE PROVIDED SHOWING ALL**
19 **ALECTRA-RELATED COMPENSATION COSTS PAID BY**
20 **RATEPAYERS INCLUDING COMPENSATION FOR ALECTRA**
21 **AFFILIATES AND HOLDING COMPANY EMPLOYEES**
22 **PERFORMING WORK FOR THE UTILITY**
23 M. RUBENSTEIN: Thank you very much, Panel.
24 Those are all SEC's questions.
25 R. DHILLON: Over to you, Mr. Gluck.
26 **CROSS-EXAMINATION BY L. GLUCK (CCC)**
27 L. GLUCK: Thank you. Good morning, Panel.
28 Can we start with 4-CCC-42, please. And if we

1 could go to page 3, there is a table there.
2 So you will see at the bottom of this table that
3 there is a slight decrease in FTEs assigned to the
4 business transformation team between 2025 and 2027.
5 Is that correct?
6 N. MCLAUCHLIN: I am sorry, can you speak up? I
7 am having a hard time hearing you.
8 L. GLUCK: Oh, I am sorry. Of course. Of
9 course.
10 Table 2 is showing a slight decrease in FTEs
11 assigned to the business transformation team between
12 2025 and 2027. Is that right?
13 N. MCLAUCHLIN: That is correct.
14 L. GLUCK: If we could go to table 1 above,
15 please. And at the bottom -- the bottom of the
16 second table, you will see there that the labour cost
17 for the business transformation team is increasing by
18 11 percent between 2025 and 2027. Can you explain
19 that given the decrease in FTEs?
20 N. MCLAUCHLIN: I will have to take that away.
21 L. GLUCK: Okay. Thank you.
22 R. DHILLON: I will mark that as Undertaking JT-
23 3.12.
24 L. GLUCK: Thanks.
25 **UNDERTAKING JT-3.12: EXPLAIN WHY THE LABOUR**
26 **COST FOR THE BUSINESS TRANSFORMATION TEAM IS**
27 **INCREASING BY 11 PERCENT BETWEEN 2025 AND 2027**
28 **DESPITE THE DECREASE IN FTES**

1 L. GLUCK: And the line below that is for
2 consulting costs for business transformation. You
3 will see there that the 2027 consulting costs are
4 significantly higher than at any other point, you
5 know, since 2017. Can you explain the need for those
6 consulting costs and what they are related to?
7 N. MCLAUCHLIN: For the last ten years, we have
8 been on a journey of productivity and synergies. One
9 of the investments that we are looking to do in 2027
10 is to get external support to have support and
11 understanding what other productivity initiatives we
12 could undertake within the organization.
13 The other is to look at a business process
14 management system to help us with establishing
15 process maps which would help in the future in being
16 able to convert projects -- or functions into AI. So
17 that would make up the majority of that increase.
18 L. GLUCK: Okay. Thank you.
19 If we could go to Exhibit 4, tab 3, schedule 5.
20 It is attachment 4-7, please. If we could go to page
21 5 of the study, please. Thank you.
22 I understand that this is Mercer's study, but
23 would it be possible to undertake to ask Mercer to
24 provide a column that links the grades, the position
25 grades to union, non-union, management, and executive
26 employees?
27 D. CANDLISH: Sorry, can you repeat those again.
28 L. GLUCK: Sure. So on the far left is the

1 grades.
2 D. CANDLISH: Yeah.
3 L. GLUCK: And what I would be asking Mercer to
4 do is to link those grades to the categories of
5 union, non-union, management, and executive.
6 A. STERNBERG: I am not -- just pausing. I am
7 not sure offhand how -- whether that is doable in the
8 way you have asked. But what we will do is undertake
9 to take this back to Mercer, ask them that question,
10 and if it is something they can do and that we
11 consider is appropriate, we will. And if not, we
12 will advisement.
13 L. GLUCK: Okay, that is great. Thank you.
14 R. DHILLON: I will mark that as Undertaking JT-
15 3.13.
16 L. GLUCK: Thanks.
17 **UNDERTAKING JT-3.13: TO REQUEST THAT MERCER ADD**
18 **A COLUMN TO THEIR TABLE ON PAGE 5 OF THEIR STUDY**
19 **THAT LINKS THE POSITION GRADES TO UNION, NON-**
20 **UNION, MANAGEMENT, AND EXECUTIVE EMPLOYEES**
21 L. GLUCK: If we could go to 4-AMPCO-80. It is
22 the Excel attachment 1, please. Thank you.
23 And here, what I understand is for the
24 historical period between 2017 and 2025, the
25 management and non-union compensation costs have been
26 aggregated together. Is that right?
27 D. CANDLISH: Yes, that is correct.
28 L. GLUCK: And I understand there are certain

1 system limitations. That is the reason that you have
2 done it in that way. Can you explain that a little
3 bit more, why it is not possible to break out
4 management costs from non-union costs in this table?
5 D. CANDLISH: So, yes, the way that our system
6 tracks historical information, it all goes into one
7 non-union bucket.
8 L. GLUCK: So you are able -- I can see from the
9 table that you are able to break apart the FTEs, the
10 count.
11 D. CANDLISH: Correct.
12 L. GLUCK: But you can't link that compensation
13 to the FTEs?
14 D. CANDLISH: That is correct.
15 L. GLUCK: And is there -- we do think it is
16 important. This is a pretty standard, common table
17 that, you know, we look at across many cases. It
18 allows for trend analysis and things of that nature
19 across various categories of employment. And I
20 understand that it may be a lot of work to go back
21 all the way.
22 Is it possible to go back, you know, two years
23 into the historical period starting, you know, in
24 2023 to 2025, something like that? If there was a
25 lower threshold in terms of not going all the way
26 back to 2020, does that help in any way, or is it
27 literally impossible for you to do it?
28 D. CANDLISH: Yeah, the way the system tracks

1 the information, it is not possible to break out by
2 those categories.
3 L. GLUCK: Okay. Thank you.
4 And I just want to make sure I am following the
5 evidence correctly in appendix 2K. So in the
6 prefiled evidence, appendix 2K is actually showing
7 management and non-union together. Is that right?
8 In the FTE count?
9 D. CANDLISH: Yes. In the prefiled evidence,
10 they are grouped -- there are two groups, management
11 and then union and non-union.
12 L. GLUCK: I would have thought it is -- just so
13 I am following the evidence correctly, I thought
14 management is with non-union in this table. That is
15 what I am trying to confer.
16 Looking at 2024, you don't actually have 584
17 managers for 879 non-managers?
18 D. CANDLISH: Yes. So just to be clear -- and
19 we did file a correction. We can look for that --
20 that reference. But that is correct. The management
21 group includes the non-union, the non-management
22 group is union only.
23 L. GLUCK: Okay. Perfect. Thank you.
24 If we could go to 4-AMPCO-75, please. If we go
25 to the table of annual increases. I just wanted to
26 ask about the 8.44 percent increase to executive
27 wages in 2025. Can you help explain the reason for
28 that and why it is sort of, you know, double the

1 average in any other year?
2 D. CANDLISH: The increases for executives are
3 determined based on -- well, one of the contributing
4 factors is a market assessment and -- as well as
5 performance. And, again, I just want to note here
6 that that is just made up of two executive FTEs.
7 L. GLUCK: Thank you.
8 If we could go to 4-CCC-68, please. If we go to
9 page 3, please -- actually, page 2.
10 So you had a brief discussion with Mr.
11 Rubenstein about this this morning. So you have two
12 executives, and you just said you have two executives
13 in Alectra Utilities, and you have five executives in
14 Alectra Inc. Is that correct?
15 D. CANDLISH: Yes. For 2025?
16 L. GLUCK: Yeah, for 2025.
17 D. CANDLISH: Yes.
18 L. GLUCK: And can we go to page 3, please. And
19 below this table, it says:
20 "From a pricing methodology perspective, there
21 is no cost difference between employing
22 executives as full-time employees of Alectra
23 Utilities or as employees of Alectra Inc."[as
24 read]
25 Do you see that?
26 D. CANDLISH: Yes.
27 L. GLUCK: And would the -- going back to my
28 previous question about the 8.44 percent wage

1 increase, would they -- would the executives in
2 Alectra Inc. have been applied the same wage increase
3 as the employees of Alectra Utilities?
4 D. CANDLISH: That, I wouldn't be able to
5 comment on. I mean, the increases are applied based
6 on the individual.
7 L. GLUCK: Are the executives employed by
8 Alectra Inc. on the same sort of compensation
9 schedule as the employees as -- of Alectra Utilities?
10 D. CANDLISH: Can you just explain what you mean
11 by "compensation schedule"?
12 L. GLUCK: So if you were -- I think what you
13 said to me is in 2025 you needed to increase
14 compensation to match the market; is that a fair
15 summary of what you told me about the Alectra
16 Utilities executives in 2025?
17 D. CANDLISH: Yeah, that was one -- that would
18 be one of the factors considered, yes.
19 L. GLUCK: Right. And would -- would the same
20 thing have happened, the same sort of market
21 adjustment to the executives in Alectra Inc.?
22 R. DHILLON: Mr. Gluck, we are scheduled for a
23 break in the next five minutes, so if you can find a
24 natural break in your questioning.
25 L. GLUCK: Sure. Thank you.
26 D. CANDLISH: I would suggest that the process
27 would be similar, but the results may be different.
28 L. GLUCK: Okay. Thank you.

1 If we could go to 4-CCC-62, please. If we could
2 go to page 2. So this is the detailed calculation of
3 the vacancy provision for the forecast period; is
4 that right?
5 M. VILLETT: That is correct.
6 L. GLUCK: And there is just one line in here
7 that I don't fully understand, and it is the line
8 titled "Less Adjust For Overtime Premiums." Can you
9 explain the purpose of that adjustment and how it
10 links to the information in appendix 2K?
11 M. VILLETT: So we don't apply the vacancy
12 provision to overtime. That is why it is -- it is
13 eliminated from this table.
14 L. GLUCK: And would this match -- is this
15 supposed to match the overtime in -- I think it is
16 actually in AMPCO-80, attachment 1, is where there is
17 a breakout of overtime. Is it supposed to match that
18 number?
19 M. VILLETT: So this table 2K would have
20 overtime applicable to OM&A and capital, whereas 4-
21 CCC-62 would be only OM&A related.
22 L. GLUCK: Okay. So it is supposed to be the --
23 if I did the math, it should be the 15.9 million
24 times the OM&A allocation? I am using 2027 -- sorry
25 -- just so we are on the same page.
26 M. VILLETT: Sorry. What number are you looking
27 at?
28 L. GLUCK: So if I look at 2027, there is an

1 overtime line of 15.9 million. It's a bit small on
2 the screen. And then if I were to multiply that by
3 the percentage OM&A allocation, it should match that
4 number?
5 M. MALINOWSKI: No. It wouldn't be the total at
6 the bottom of 2K. Overtime is allocated at a
7 different rate than total labour based on how it is
8 budgeted.
9 L. GLUCK: Okay. And is that number on the
10 record, that allocation?
11 M. MALINOWSKI: I believe we do have a table
12 that separates overtime between OM&A and capital. If
13 you give me a second, I can pull it up.
14 L. GLUCK: Sure. Thank you.
15 M. MALINOWSKI: I have to correct myself. We do
16 not have a -- we do not have it broken out by OM&A
17 and capital, but we can provide it.
18 I am sorry. I have to make a correction to my
19 statement. We do not have a breakout of overtime
20 between OM&A and capital on the record.
21 L. GLUCK: Thank you. Do you mind undertaking
22 to provide that?
23 M. MALINOWSKI: We can.
24 L. GLUCK: Okay. Thank you.
25 R. DHILLON: I will mark that as Undertaking JT-
26 3.14.
27 **UNDERTAKING JT-3.14: PROVIDE A BREAKOUT OF**
28 **OVERTIME BETWEEN OM&A AND CAPITAL**

1 L. GLUCK: And I may only have one more
2 question, but before I ask it, Ms. Scott did ask you
3 about property taxes, and the question I was going to
4 ask about is -- is 4-CCC-61 that was mapped to Panel
5 4. But if you -- if this is the right panel for
6 property taxes, can you let me know?
7 M. VILLETT: I think someone on Panel 4 may be
8 able to address that, or we could take the question
9 by undertaking.
10 D. COBAN: Maybe you could just put your
11 question, Mr. Gluck, just so we can make sure someone
12 on Panel 4 is able to assist you.
13 L. GLUCK: Okay. Thank you.
14 If we could go to 4-CCC-61, this is my last
15 question. And if we could go to page 2, please.
16 So the table in part C to this response shows
17 the derivation of the estimated 50 percent increase
18 in the current value assessment for Alectra's
19 properties in 2026; is that right?
20 M. VILLETT: I am not personally familiar with
21 this table, but it does seem to show a 50 percent
22 increase at the bottom.
23 L. GLUCK: Okay. Thank you.
24 And I understand that there is a phase-in period
25 for value assessments over a four-year period; is
26 that accurate?
27 D. COBAN: So it appears we cannot --
28 L. GLUCK: Okay.

1 D. COBAN: -- assist you on this panel.
2 L. GLUCK: Sure.
3 D. COBAN: But now we understand, you know, the
4 table that you want to go to and make sure that Panel
5 4 is able to help you.
6 L. GLUCK: Okay. That's great. Thank you.
7 Those are my questions.
8 R. DHILLON: Thank you, Mr. Gluck.
9 The time is 10:48. If we can take a short break
10 and return at 11:03. Thank you.
11 --- Recess taken at 10:48 a.m.
12 --- Upon resuming at 11:03 a.m.
13 R. DHILLON: The time is now 11:04. I think we
14 have one follow-up question from Mr. Rubenstein.
15 M. RUBENSTEIN: Thank you. I want to clarify
16 something in your discussions with both Ms. Scott and
17 then Mr. Gluck just understanding the interaction.
18 R. DHILLON: Let's go off the record.
19 --- Off-the-record discussion
20 R. DHILLON: Over to you, Mr. Rubenstein.
21 M. RUBENSTEIN: Thank you. I just want to
22 clarify one thing from your discussion with Ms. Scott
23 and Mr. Gluck and the interaction between 2K and the
24 vacancy rate. As I understand, the -- the amounts
25 related to vacancies are not included in your 2K; you
26 have -- you include them in other recoveries; I have
27 that correct?
28 D. CANDLISH: From an FTE perspective, the

1 vacancy rate is not included.
2 M. RUBENSTEIN: Okay. Now, I just want -- so I
3 just want to understand -- I just want to understand
4 what we mean by that.
5 So Ms. Scott asked you a number of questions
6 about new positions -- or let's call it net positions
7 because there is some positions that leave and some
8 positions that start, and so we are seeing the
9 increase in FTEs. I just want to understand that.
10 Do I take it, then, while you may not call that
11 a vacancy rate, you have essentially included new
12 positions in the FTE equivalent of those positions in
13 a year, not budgeted at January 1st, budgeted at some
14 point within the year that they will start, and that
15 is different than what I will call the other aspects
16 of vacancies where, you know, the -- someone leaves
17 their job, and you need to replace them, sort of the
18 more -- the -- what I will call sort of the regular
19 churn?
20 D. CANDLISH: So maybe I will just repeat back
21 so we can make sure we are saying the same thing.
22 So if we look at the future years and a new
23 position added -- let's say we are adding a new --
24 hypothetically, a new position in 2027, and we are
25 expecting it -- or budgeting it to start in July, in
26 2027, that would be a 0.5 FTE from a 2K perspective,
27 yes.
28 M. RUBENSTEIN: Okay. So you are -- okay.

1 Thank you very much. That clarifies things. But,
2 yes.
3 R. DHILLON: Thank you, Mr. Rubenstein. The
4 time is now 11:08. I will turn it over to Mr. --
5 D. CANDLISH: Sorry. Could I just clarify one
6 thing or further explain one thing.
7 From a dollars perspective, though, there is --
8 the vacancy rate is applied in 2K. So the dollars
9 are adjusted for vacancies; the FTE are not.
10 M. RUBENSTEIN: Let's break this down into two
11 groups of vacancies, what I will call -- sorry. No
12 one can see my hand signals -- vacancies. We will
13 call it sort of normal churn; someone leaves their
14 job for another job, you need to replace them, right.
15 It is category 1. And category 2 is new positions,
16 like, new people who have never been hired.
17 As I understand, for the first category, you
18 don't account for that in the 2K. You are assuming
19 everybody is in their seats on January 1st of a year,
20 is on a forecast basis to the end of the year, and
21 the vacancy where you have a vacancy rate is dealt
22 with -- the costs of that are dealt with in the
23 context of other recoveries; do I have that part
24 correct?
25 D. CANDLISH: So from a new position
26 perspective, we do not assume that everybody is
27 starting January 1st. Again, going back to the
28 example, if you start July 1st, you would be a 0.5

1 FTE.
2 M. RUBENSTEIN: So it would show in the 2K 0.5
3 FTEs, but also the dollars are 0.5 of that salary;
4 correct?
5 D. CANDLISH: Correct.
6 M. RUBENSTEIN: Okay.
7 D. CANDLISH: Yes.
8 M. RUBENSTEIN: Okay. Thank you very much.
9 D. CANDLISH: Thanks.
10 R. DHILLON: Thank you.
11 I will turn it over to Mr. Garner for VECC, and
12 the time is 11:10 a.m.
13 L. GARNER: Thank you. Can you hear me?
14 R. DHILLON: Yes.
15 **CROSS-EXAMINATION BY L. GARNER (VECC)**
16 L. GARNER: Okay. Thank you.
17 Good morning, Panel, and my name is Mark Garner.
18 I am a consultant with VECC. I apologize I wasn't
19 able to be there this morning, but in lieu of that, I
20 hope to be very brief. I really have two places I
21 want to go over; one is to go to this appendix 2K we
22 were just talking about. And I am looking at the
23 version that was in SEC 24's attachment, but I don't
24 think it matters which version you bring up. I think
25 it is about the same.
26 And Mr. Gluck went through this with you this
27 morning, and it was something also I was trying to
28 figure out in the evidence, and it is about the

1 "management non-union including executive line," and
2 his question was basically, that includes people who
3 are neither management -- management being executive
4 management or line management -- that includes
5 another group of people who are neither management
6 but are just not unionized.
7 So I don't know your company's union structure,
8 but, for instance, executive assistant would be not
9 unionized but -- and not management; they would be in
10 that management line; is that correct?
11 D. CANDLISH: Yes, that is correct.
12 L. GARNER: And is there no way -- or maybe it's
13 in the evidence, if you can tell me if it is already
14 here. Is there no way of distinguishing that group
15 of people out of that line?
16 D. CANDLISH: No. Not from a -- not from a
17 historical perspective.
18 L. GARNER: Well, let me just ask you this
19 question, then: Is -- on the management people,
20 executive and the -- and management, are a -- a group
21 of those people subject to a bonus system?
22 D. CANDLISH: Yes, they would be. In the
23 management line, yes.
24 L. GARNER: And that would -- that would be more
25 than just the -- the senior executive? That would
26 include some -- I will call them line managers? They
27 would also be subject or have bonuses available to
28 them?

1 D. CANDLISH: Yes. So -- yes, that is correct,
2 our annual incentive program, yeah.
3 L. GARNER: And so does your system allow you to
4 distinguish everybody in that line under who is --
5 who attracts a bonus, a potential bonus? Because
6 don't you have to track those people separately?
7 D. CANDLISH: So in terms of how our historic
8 actuals are tracked, they are tracked to -- they are
9 differentiated between management or non-union and
10 union only.
11 L. GARNER: I don't think you are answering my
12 question, though. My question was don't you track in
13 your system those managers who are able to get a
14 bonus separately from those who do not? Doesn't your
15 -- does your system do that, tracks those people
16 separately in order for you to do all of the, you
17 know, HR work to deal with people who get bonuses?
18 D. CANDLISH: Yes. We have -- in terms of
19 short-term incentive eligibility, yes, we would track
20 that separately.
21 L. GARNER: Okay. Thank you.
22 The next place I would like to go to is the
23 interrogatory 4-VECC-51, and in that interrogatory,
24 all I was really trying to understand was how you're
25 calculating productivity benefits and if you are
26 netting off the cost of developing, monitoring, et
27 cetera, and I ask that question.
28 And the answer seems to be to the effect of,

1 well, the business transformation segment, which is
2 what I had pointed to as the cost centre for that,
3 does more than just productivity initiatives. And I
4 wonder if you'd help me with that because I thought
5 that the productivity framework team was basically --
6 that was their singular role inside the company. So
7 they have another role other than working on the
8 productivity framework inside the company?
9 N. MCLAUCHLIN: That is correct. The employees
10 who are working on the productivity framework are
11 also working on other aspects of the business
12 transformation team and not dedicated solely to the
13 productivity.
14 L. GARNER: And for instance, like what?
15 N. MCLAUCHLIN: Reporting on project, our
16 portfolio performance, working on this application,
17 putting evidence together for merger synergies and --
18 so there is a broad range of reporting functions as
19 well as overseeing the operational improvement team
20 which is looking for process improvements.
21 L. GARNER: Okay. Can you help me understand
22 what the -- at the end of the response to that, you
23 have a statement says:
24 "The productivity framework team aims to
25 minimize the effort and validation of benefits
26 to 5 percent or less of the value of the
27 benefits."[as read]
28 I am a little lost on how to interpret the 5

1 percent. Can you help me, what does that mean? 5
2 percent is -- maybe you can just explain more. What
3 does that 5 percent mean?
4 N. MCLAUCHLIN: So what we are trying to do is
5 balance the effort in validating, measuring, and
6 reporting on productivity gains with the effort
7 required to do that versus the benefits that the
8 initiatives produce. And so we are looking to have
9 the amount of effort in that validation to be no more
10 than 5 percent of the total value of the initiative
11 delivering benefits. So we are --
12 M. GARNER: And so --
13 N. MCLAUCHLIN: -- scaling the review and effort
14 on that validation to be with the size of the
15 initiative where possible.
16 L. GARNER: So I know there is a table, I don't
17 have it in front of me, but there is a -- maybe more
18 than one table of initiatives, and then there is,
19 let's say, initiative X, and then there is a dollar
20 savings, et cetera.
21 Are you saying that what we are trying to do is
22 whatever that X is dollar savings, our effort in this
23 productivity team should be no more than 5 percent of
24 that value of that initiative? Is that the way I
25 calculate -- 5 percent of something. Right? So is
26 that what I am calculating 5 percent from?
27 N. MCLAUCHLIN: That is correct. And that is on
28 initiative-by-initiative basis. There would be some

1 fluctuations based on data availability. So it is
2 not an exact number. So it is more of a guideline of
3 how to put forward effort to validate and report on
4 the savings versus the savings that the initiatives
5 deliver.
6 L. GARNER: Okay. And one final area while we
7 are speaking that maybe you can help me with -- and
8 just to use an example of what this business of
9 productivity framework team that -- I take it that
10 you are in charge of are doing. I would like to just
11 take a look at the -- we could go to 1-Staff-36. And
12 this is about the issue of a single control room.
13 And it is -- this is by way of kind of an
14 example for you to help, at least, me understand a
15 little bit better the tasks that you have and you are
16 dealing with.
17 So the gist of the interrogatory, I believe, is
18 to the effect of Staff is asking you why you have two
19 control rooms, why can't you have a night control
20 room with one, et cetera.
21 And then the answer is -- and you can correct me
22 if I have got this all wrong, but the way I read the
23 answer, the answer is to the effect of, well, legacy,
24 there is two really different systems inside of
25 Alectra, and they have different training, different
26 ideas, et cetera, et cetera, and we came to the
27 conclusion we couldn't meld these two systems
28 together.

1 And so let's -- you can correct me, but let me
2 go on with where I was going with it. So that is
3 where I read it. And then I said to myself, well,
4 does the team that you are on, are you just -- do you
5 just take people giving you that information and say,
6 okay, fine, or do you say, well, hold on, we are
7 going to -- there is evidence in here this area is
8 going to grow by about 100 people or something to
9 that effect, it is a large area of growth, do you
10 have any input to say, well, hold on if we are going
11 to spend a lot of money over the next five or six
12 years, maybe we should have a long-term plan in order
13 to harmonize all of our control system between -- you
14 know, to solve this problem having two separate kind
15 of things.
16 Is that your role, or are you just the receiver
17 of whatever they tell you, we have to have two
18 control systems, that is it, sorry?
19 N. MCLAUCHLIN: So related to the evidence
20 that's on the screen, I wouldn't be able to speak to
21 the requirement for the control rooms. These are not
22 initiatives that are in our productivity framework.
23 In --
24 L. GARNER: Well, that is -- sorry. You go
25 ahead, finish.
26 N. MCLAUCHLIN: In my role, I work with the
27 business to help identify areas for potential
28 productivity while still continuing to meet our

1 business needs. So being able to ensure that we
2 deliver safe and reliable power to our customers is
3 always paramount, and so I can't comment on this
4 specific situation where -- if there are
5 opportunities for further savings or synergies in
6 this area.
7 L. GARNER: Okay. Well, maybe you have answered
8 my question, but in the way of the example. So it
9 wouldn't be your role -- you are aware -- at least
10 now because you are reading the application like me,
11 you are aware that this is an issue.
12 It is not your role to say, well, you know, this
13 is part of our team, we should go back and start
14 looking at this and see if these people -- you know,
15 all these engineers have it right, and maybe there is
16 way for us to make a transition to get some synergy
17 here or some -- or reduce -- get some efficiencies.
18 That is not really your role, then?
19 N. MCLAUCHLIN: So we have -- you know, in our
20 annual targets that we look to meet, and as part of
21 my role, I do work with all the senior leadership
22 team to help identify where we have the greatest
23 opportunity to deliver on those targets.
24 And so that is part of my responsibility is to
25 ensure as an organization that we meet our internal
26 targets as well as, going forward, that we are able
27 to meet the stretch factor target that is going to be
28 imposed in this rate application.

1 L. GARNER: Okay. Thank you.
2 That leaves me a little bit confused, and I will
3 let you comment. But because this -- obviously from
4 the number of people being, you know, sized up in
5 this area seems to be am obvious place to me where
6 one would be either confirming what the -- I call
7 them -- let's call them "the line people" working are
8 telling you or trying to see if there is a plan to
9 reduce costs in this area. But you are saying, I
10 don't really know anything about this area, and I
11 can't comment on this area.
12 So I am a little bit confused. You are saying
13 you don't look at this, but you do look at this. I
14 am little bit confused about that.
15 N. MCLAUCHLIN: Specifically in this area, I
16 think that question would be for Panel 1, related to
17 the requirements in the control room, and so I am not
18 able to comment.
19 L. GARNER: Okay. Thank you. And thank you,
20 Panel. Those were all my questions. Thank you very
21 much.
22 R. DHILLON: Thank you, Mr. Garner.
23 The time is 11:23. Next, we have OEB Staff, and
24 I believe we have Amber Goher commencing. Thank you.
25 **CROSS-EXAMINATION BY A. GOHER (OEB STAFF)**
26 A. GOHER: Good morning, Panel. Can we please
27 pull up the attachment filed in response to 4-AMPCO-
28 80, the Excel file.

1 So the 2025 actual FTEs and compensation numbers
2 provided here are 1,504 in FTE, and total
3 compensation in OM&A, about 165 million. The
4 original appendix 2K that was submitted with the
5 evidence excluded 1,628 FTE in 2025, and the total
6 compensation amount provided was 171 million in OM&A.
7 Could you please explain the change between the two
8 FTE numbers between 2025 forecast and actuals and...
9 D. CANDLISH: So in terms of the difference
10 between forecast and actuals, that would be primarily
11 related to vacancies that existed throughout the
12 organization in 2025.
13 A. GOHER: Are you able to provide a hiring
14 update on the 85 new positions in 2025?
15 D. CANDLISH: Can you just confirm what you mean
16 by "a hiring update"?
17 A. GOHER: In terms of the new positions that
18 were meant to be added in 2025. So it was 85; I
19 believe that is the number provided in 4-Staff-171
20 page 9. Are you able to tell us how many of those
21 new positions have been filled?
22 D. CANDLISH: I don't have that information
23 readily available today.
24 A. GOHER: Okay. In light of the FTEs for 2025,
25 so I believe there is a difference of about 124 FTEs
26 between actual and forecast. So does Alectra intend
27 to update the 2026 forecast?
28 D. CANDLISH: No. The 2026 forecast will remain

1 the same.
2 A. GOHER: Okay. So for my next question, can
3 we pull up 4-Staff-171, page 2.
4 So I understand that in response to this,
5 Alectra has stated that the new positions does not
6 necessarily equate to FTEs. I am looking for a
7 reconciliation between the FTEs in 2K and the number
8 of positions being added for 2025 to 2031. And we
9 are hoping if it could be broken down as you could --
10 as the number of FTEs, the vacancy rates translated
11 into FTEs, temporaries and part time, and then any
12 other FTE adjustments.
13 So just trying to reconcile how you get from,
14 like, the new positions to the FTE numbers. And a
15 good example of how this could be presented, and I
16 believe you should be able to pull this up, it would
17 be EB-2024-0115, Hydro Ottawa's interrogatory
18 representation to 4-Staff-171.
19 If you could provide a breakdown so we could
20 reconcile that table in 4-Staff-171 against appendix
21 2K.
22 D. CANDLISH: Just a question to clarify. So I
23 see in this table both reference to position and FTE.
24 So I am not sure -- based on the explanations we have
25 provided, position is not the same as FTE, so I am
26 not sure how we would translate it to this table.
27 A. GOHER: Are you able to explain the
28 adjustments that are being made to the FTE numbers?

1 Like, how do you get from the new positions each year
2 to that FTE number? Like, are there maybe, like --
3 are there adjustments for overtime, vacancy. Because
4 I understand the 2K, the FTE numbers do not include
5 the vacancy assumption. Right?
6 D. CANDLISH: That is correct in 2K.
7 A. GOHER: So if you are able to include that.
8 And you mentioned earlier that for 2025, the
9 difference between forecast and actuals was primarily
10 explained by vacancy rate?
11 D. CANDLISH: Correct.
12 A. GOHER: So if you are able to tie it -- are
13 you able to tie that difference using the vacancy
14 rate assumption or any other assumptions that are at
15 play?
16 D. CANDLISH: So in terms of reconciling Staff-
17 171 with 2K, while I don't think this table will
18 necessarily be all encompassing of that response, we
19 can take that away and see what we can do to try to
20 reconcile both documents.
21 A. GOHER: Okay. Yeah.
22 D. CANDLISH: Now, do you -- just to be clear, I
23 think we had discussed earlier about providing a
24 reconciliation for 2027.
25 A. GOHER: Yes. We are hoping you can do that
26 for 2025 to 2031.
27 D. CANDLISH: So we will take that back and
28 review -- review and then respond accordingly.

1 A. GOHER: Okay.
2 R. DHILLON: Thank you. I will mark that as
3 Undertaking JT-3.15.
4 **UNDERTAKING JT-3.15: PROVIDE A RECONCILIATION**
5 **BETWEEN THE FTES IN APPENDIX 2K AND THE NUMBER**
6 **OF POSITIONS BEING ADDED FOR 2025 TO 2031 THAT**
7 **SHOWS A BREAKDOWN OF THE NUMBER OF FTES, THE**
8 **VACANCY RATES TRANSLATED INTO FTES, TEMPORARIES**
9 **AND PART TIME, AND ANY OTHER FTE ADJUSTMENTS**
10 A. GOHER: So for my next question, can we pull
11 up 4-Staff-169, part B, page 2.
12 So in response to this IR, Alectra states that
13 the vacancy rate is assessed on an annual basis
14 considering management expectations and historical
15 experience. In part C, the historical vacancy rates
16 are provided.
17 Can you please explain how the assumption for
18 the 4 percent vacancy rate aligns with the five-year
19 average of 6.8 percent, five-year average vacancy
20 rate of 6.8 percent?
21 M. VILLETT: So we do consider historical
22 experience, but we also look at future expectations.
23 So in terms of historical experience, like, one
24 thing that we would consider, we know that the job
25 market was tight after COVID. There was more
26 vacancies than job seekers, so I think that
27 contributed to some of the higher rates.
28 And then we look for -- I want to take you to

1 Exhibit 4, tab 2, schedule 6, page 6. So you will
2 see a section at the bottom of page 6 here called
3 "Improved Recruitment Processes."
4 So Alectra has improved our hiring process
5 through the implementation of Dayforce. We also
6 added dedicated talent acquisition resources within
7 the HR program. And we think that by streamlining
8 the hiring process through technology and the
9 dedicated resources, that is going to make it easier
10 to fill roles going forward, but also to foster more
11 long-term retention, thus reducing the vacancy rate
12 going forward.
13 A. GOHER: Okay. So from what I understand,
14 that in the past two historical years, for 2024 and
15 2025, the actual vacancy rate came about to be 7.6
16 percent. And in 2026, you are assuming that -- or,
17 rather, forecasting that that would go to down to 4
18 percent, and expectations will not be updated in
19 light of what you saw in 2025?
20 M. VILLETT: Just for clarification, there is an
21 IR. I don't remember the exact one, but we did
22 clarify that the calculation was 4.7 percent going
23 forward. And at this time, we are not planning to
24 make a change to that rate for the reasons I
25 mentioned previously.
26 A. GOHER: Okay.
27 Can we pull up 4-CCC-62, page 2. Could you
28 confirm that the effective provision rate, the last

1 line in this table, is that the same as the vacancy
2 rate that you are assuming in the application, or
3 would that still be 4 percent? I am just trying to
4 understand the difference between the 4.6, 4.7 that
5 we are seeing in the last row.
6 M. VILLETT: Yes. The effective rate embedded
7 in the application is 4.7.
8 A. GOHER: Okay.
9 M. VILLETT: It is that last row.
10 A. GOHER: Okay.
11 That would be all for me.
12 **CROSS-EXAMINATION BY A. BERNARDO (OEB STAFF)**
13 A. BERNARDO: Good morning, Panel. Arlene
14 Bernardo, OEB Staff.
15 So for my first question, could you pull up 4-
16 Staff-165, attachment 1. It is an Excel file. Okay.
17 Thank you. So in this response, Alectra submitted an
18 updated appendix 2JC with 2025 actuals broken down by
19 segments. So under the regulatory segment -- so
20 under the regulatory segment, under the corporate
21 services program. Let's go to 2025 actuals. Okay.
22 There. So the actuals for 2025 is 7.5 million. This
23 is 1 million lower compared to the prefiled evidence
24 of 8.5 million.
25 So could we please turn to Exhibit 4, tab 2,
26 schedule 3. In here -- oh, sorry. Page 10.
27 Okay. In here, you can see that the 2025
28 forecasted amount under this segment is 8.5 million.

1 So for -- my first question is could you please
2 explain the 1 million difference between the forecast
3 and actual in 2025?
4 M. VILLETT: Just for clarity, I am covering
5 corporate services except for the regulatory segment,
6 so this would go to Panel 4.
7 A. BERNARDO: Okay. Okay. Well, then I will
8 ask the same question to Panel 4.
9 Okay. Could we please pull up 4-Staff-174D,
10 page 7. Okay. Thank you. Beginning line 16.
11 So Alectra stated in this response that it has
12 negotiated the bank fees related to the increasing
13 credit facility during the COVID-19 pandemic and will
14 continue to negotiate the fees at the time of each
15 credit facility extension.
16 So can you please confirm how much the bank fees
17 are now compared to when it was in 2020, which was
18 1.8 million?
19 M. VILLETT: Sorry. You want to confirm 2025
20 compared to 2020 bank fees?
21 A. BERNARDO: Yeah.
22 M. VILLETT: If you could turn to 4-CCC-40,
23 there is a table 1 that breaks out the bank charges
24 and should provide the information that you are
25 looking for.
26 A. BERNARDO: Okay. So it is 2.5 million? Is
27 it 2.5 million? Am I looking at the correct row?
28 M. VILLETT: 2025 is 2.5 million.

1 A. BERNARDO: Okay. Thank you.
2 Could we please turn to 4 SEC 89, table 1, page
3 2. Okay.
4 So in this table, Alectra provided the 2025
5 actual FTEs in a forecast of FTEs for 2026 to 2031.
6 So under the customer service program, the 2025
7 actual FTEs is 210, second row, which is 20 FTE less
8 than the 2025 forecast of 230.7 FTE in the prefiled
9 evidence.
10 So could we please turn to Exhibit 4, tab 3,
11 schedule 3, page 2. So in here, the 2025 forecast
12 for the customer service program is 230.7. So for my
13 first question, could you please explain what
14 happened to the 20 FTEs that were not filled in 2025?
15 D. COBAN: Ms. Bernardo, that question would
16 have been for the witnesses on Panel 2 who were
17 speaking to the customer service program, so we can
18 deal with that by way of an undertaking.
19 A. BERNARDO: Okay. Thank you.
20 R. DHILLON: I will mark that as Undertaking JT-
21 3.16.
22 **UNDERTAKING JT-3.16: ADVISE WHAT HAPPENED TO**
23 **THE 20 FTES THAT WERE NOT FILLED IN 2025 AND**
24 **ADVISE WHETHER ALECTRA PLANS TO HIRE THE FTES IN**
25 **2026 THAT WERE NOT FILLED IN 2025**
26 A. BERNARDO: A follow-up to that undertaking,
27 does Alectra plan to hire the FTEs that were not
28 filled in 2025 in 2026 since the forecast remains the

1 same?
2 D. COBAN: Sure. We can roll that into the
3 undertaking.
4 A. BERNARDO: Thank you.
5 And for my last question, 1-SEC-12A, attachment
6 1. It is the Excel sheet, tab 2. Could you please
7 confirm if these savings were incorporated in the
8 2027 to 2031 OM&A budget?
9 N. MCLAUCHLIN: So as you would notice, these
10 are efficiency benefits, and so not expected
11 reductions. So when the plans were put in place, the
12 customer service program and finance and treasury
13 would have considered the efficiencies gain in
14 building their required FTEs.
15 A. BERNARDO: Okay. Thank you.
16 That is all my questions. Thank you, Panel.
17 **CROSS-EXAMINATION BY N. JOTIBAN (OEB STAFF)**
18 N. JOTIBAN: Hi, Panel. Narisa Jotiban, case
19 manager. I will be asking a number of questions on
20 productivity savings.
21 I would like to start with my first question,
22 please. Could you please pull up 1-Staff-29, page 1.
23 This IR asks Alectra to provide incremental
24 productivity savings resulting from the framework
25 initiatives for the 2027 to 2031 period.
26 Could you please go to page 2, part B. Alectra
27 states in lines 7 to 10 that:
28 "The incremental savings are the forecasted

1 benefits that are in addition to the sustained
2 savings realized from actions taken in 2026 or
3 prior. The forecasted incremental savings for
4 the framework initiatives are for the metering
5 renewal technology and My Alectra portal
6 framework initiatives."[as read]
7 From table 2 here shown on this page, it
8 identifies the incremental portion only by capital
9 and OM&A benefit for these two initiatives. Alectra
10 states that:
11 "These incremental benefits expected to result
12 from these initiatives are embedded in the
13 capital and OM&A values forecast in this
14 application, and all other framework
15 initiatives savings are sustained into the
16 forecast."[as read]
17 The table shows the incremental productivity
18 savings from my My Alectra portal are forecast to be
19 higher every year starting from 2027. You can see
20 from 1.2, and then it increase higher, another
21 incremental saving of 1.9 in 2028 and so on and
22 higher every year until 2031.
23 And so from what I understand, the reason is due
24 to the forecast higher rate of increase in e-billing
25 adoption per year from -- from -- for the forecast
26 period combined with higher volume for bills for this
27 period; is that correct?
28 N. MCLAUCHLIN: That is correct. The

1 incremental savings will be from the increase in e-
2 bill adoption rates from 2027 to '31.
3 N. JOTIBAN: Okay. Thank you.
4 My next question, could you please pull up 1-
5 CCC-8, page 2.
6 Lines 3 to 10, Alectra states that the OM&A
7 forecast in Exhibit 4 reflects its projection of OM&A
8 cost over the rate term based on information that was
9 collected during the business planning process and
10 that its rates are proposed to be established on the
11 basis of escalating the 2027 test year by the
12 proposed index.
13 Now, could you please pull up 1-SEC-13, page 1.
14 From lines 12 to 18, Alectra states in its
15 response that savings and benefits resulting from the
16 framework initiatives shown in 1-SEC-12, attachment
17 1, are reflected in forecast OM&A and capital cost
18 through the rebasing years.
19 So my first question, so for the forecast OM&A
20 for the 2027 to 2031 period mentioned in response to
21 1-SEC-13, you are referring to the forecast cost
22 provided in Exhibit 4; right?
23 N. MCLAUCHLIN: Can you bring up 1-SEC-13 again?
24 Sorry.
25 N. JOTIBAN: This is 1-SEC-13.
26 N. MCLAUCHLIN: Okay. Apologies. Can you
27 repeat your question?
28 N. JOTIBAN: For the forecast OM&A for the 2027

1 to 2031 period mentioned in this response, are you
2 referring to the forecast cost provided in Exhibit 4?
3 So that would be the cost, I believe, based on the
4 business planning.
5 N. MCLAUCHLIN: So the savings that are in our
6 response in SEC-12 attachment are those savings that
7 have been incorporated into the OM&A costs in the
8 future in the forecast period.
9 N. JOTIBAN: Okay. So the cost shown in Exhibit
10 4 of the application?
11 N. MCLAUCHLIN: Yeah, that is correct.
12 N. JOTIBAN: Okay.
13 So my second question, since 2028 to 2031,
14 distribution rates escalated using the proposed
15 growth index starting from 2027 base rates. Can you
16 please confirm that only the forecasted incremental
17 productivity saving amounts for the 2027 are embedded
18 in the OM&A budgets used to derive the 2028 to 2031
19 rates?
20 D. COBAN: I don't think this panel will be able
21 to assist you with that since you are looking to
22 understand the ratemaking implications. Panel 4 is
23 best equipped to deal with that question.
24 N. JOTIBAN: Okay. Thank you. I will save --
25 ask this question to Panel 4.
26 My next question, could you please pull up 1-
27 Staff-31, page 4. With regards to a productivity
28 savings resulting from innovation initiatives, in

1 lines 2 -- from lines 2 to 4, Alectra states that:
2 "While innovation initiative costs are tracked
3 and reported at the initiative level,
4 productivity savings are only quantified and
5 reported where they are material and can be
6 reliably measured."[as read]
7 Please go to lines 11 to 14. Here on this page,
8 Alectra states that:
9 "Where benefits exceed its materiality
10 threshold for initiatives, they are captured
11 through Alectra's productivity tracking and
12 reflected in the reported productivity results,
13 consistent with Alectra Utilities' productivity
14 framework."[as read]
15 Could you please explain what is the dollar
16 value here that you used for materiality threshold
17 used in its productivity -- in Alectra's productivity
18 tracking? I am just trying to understand the
19 process, how you were able to track productivity and
20 report it, the savings.
21 N. MCLAUCHLIN: Okay. So I would like to take
22 you to Exhibit 1, tab 6, schedule 4. On line 11, we
23 start by explaining that the materiality threshold
24 requiring for cost savings to be a minimum of $50,000
25 for expected reduction and $100,000 for avoided cost
26 and efficiency benefits over a five-year period in
27 order to be subject to the rigours of our framework.
28 N. JOTIBAN: Is this approach used for all the

1 productivity savings that you calculated for
2 department initiatives, for innovation initiatives,
3 and also for the framework initiatives?
4 N. MCLAUCHLIN: So related to the department
5 initiatives, I can take you to the evidence on
6 Exhibit 1, tab 6, schedule 4 where we specifically
7 state that the -- these initiatives are below the
8 materiality threshold or provide qualitative benefits
9 or quantitative benefits -- sorry -- quantitative
10 benefits that would have been below the materiality
11 threshold, and so they have not been quantified by
12 our framework.
13 N. JOTIBAN: But if there is any initiatives
14 under departmental initiatives that exceeds
15 materiality threshold, then it would be tracked?
16 N. MCLAUCHLIN: That is correct.
17 So there were two initiatives that were listed
18 in our filed evidence under the technology innovation
19 department productivity initiatives that after being
20 able to work through these projects in more detail,
21 we were able to quantify them, and those have been
22 submitted as part of the SEC-12 Excel spreadsheet,
23 the second tab where you have the newly-added
24 framework initiatives. Those are from those
25 department initiatives that we were able to quantify.
26 N. JOTIBAN: Okay. Thank you. Yeah, I did see
27 the -- your response on that.
28 So for the departmental productivity initiatives

1 that you said has not estimated, is that because it
2 is too small to quantify, or you just haven't
3 estimated yet?
4 N. MCLAUCHLIN: So at this point in time, they
5 would be too small for us to estimate to bring into
6 the framework or their qualitative savings that we
7 are not able to quantify.
8 N. JOTIBAN: Okay. Thank you for the response.
9 Now, I have one last question, and I asked Panel
10 2, and they were able to address one of my questions.
11 Could you please pull up 9-SEC-111. Please go
12 to page 2.
13 So in this response, table 2 shown below, it
14 shows the cloud computing summary broken down by OM&A
15 cost and capital, and then there is a total at the
16 bottom. So I have calculated that about 39 percent
17 of the cost is being capitalized for its cloud -- for
18 Alectra's cloud computing in the forecast period.
19 If you -- could you please go to page 3, table
20 3. There are specific projects listed in this table.
21 Panel 2 was able to provide an answer to my question
22 that the work shown here was categorized for -- that
23 was categorized for this particular project would be
24 implementation and enhancement type of work.
25 My other question for Panel 3: Have you asked
26 your auditors to review this proposed treatment?
27 M. VILLETT: The short answer is, no, we haven't
28 asked our auditors to review these treatments. And

1 the reason for that, auditors, their work when they
2 perform an audit is to perform -- review the
3 financials of Alectra and provide an opinion as to
4 whether they meet IFRS guidelines. To look at future
5 budgeted years, that would be considered advisory
6 work, and that is not part of the audit process. So
7 they would -- even if we asked them, they would
8 decline to provide an opinion because these are
9 future years and not part of the scope of the audit
10 engagement.
11 N. JOTIBAN: Okay. Thank you so much for your
12 explanations.
13 I have no further questions for Panel 3.
14 **CROSS-EXAMINATION BY P. SHEN (OEB STAFF)**
15 P. SHEN: Good morning, Panel. Pauline Shen,
16 OEB Staff.
17 Today, I have only one question related to
18 direct labour capitalization studies. So could you
19 please pull 2-Staff-156, page 2 -- page 3, sorry.
20 Part B.
21 So the first question is Alectra states:
22 "Six weeks is consistent with common regulatory
23 practice for time studies and provides a
24 sufficient sample size to establish stable
25 capital versus OM&A proportions."[as read]
26 So is Alectra aware any utilities use the same
27 length for director labour capitalization study?
28 M. MALINOWSKI: No, we are not familiar with the

1 nature of other utilities' studies in this regard.
2 P. SHEN: Thank you. Thank you.
3 M. MALINOWSKI: To clarify, I believe this
4 response was provided by Atrium Economics.
5 P. SHEN: Yes. So the next question is could
6 Alectra explain based on what principle or criteria
7 to make the statement that six weeks is consistent
8 with common regulatory practice?
9 D. COBAN: I think what we can do is bring that
10 back to Atrium to consider --
11 P. SHEN: Sure.
12 D. COBAN: -- since it is their evidence we have
13 up here on the screen.
14 P. SHEN: Sure.
15 D. COBAN: So give that an undertaking number,
16 please.
17 R. DHILLON: I will mark that as Undertaking JT-
18 3.17.
19 **UNDERTAKING JT-3.17: ADVISE WHAT PRINCIPLE OR**
20 **CRITERIA THE STATEMENT ON 2-STAFF-156 PAGE 3,**
21 **PART B REGARDING SIX WEEKS BEING CONSISTENT WITH**
22 **COMMON REGULATORY PRACTICE IS BASED ON AND**
23 **ADVISE Of WHAT COMMON REGULATORY PRACTICE IS**
24 P. SHEN: Maybe add one more small question to
25 this undertaking. Could Alectra elaborate what is
26 common regulatory practice which is mentioned in this
27 IR response, if possible, for undertaking.
28 D. COBAN: Yes. And to be clear, that will be

1 Atrium who will be elaborating on that information.
2 P. SHEN: Thank you.
3 R. DHILLON: And for clarity, that is still JT-
4 3.17.
5 P. SHEN: Thank you.
6 Could you please turn to page 2, the same IR,
7 part C, which is C question, so C(i). So this
8 question is asking for the comparison between legacy
9 PowerStream practice, which was approved by the OEB
10 in 2013 rate application, with the current
11 methodology, which is proposed in the current DLC
12 study.
13 Could Alectra elaborate further on the
14 consistent area and the inconsistent area between
15 legacy PowerStream practice and the current DLC study
16 practice?
17 M. MALINOWSKI: As identified in part C at
18 Response Number 1, the existing rate methodology is
19 consistent with the rate -- with the rate methodology
20 that is described in the study. So the existing rate
21 methodology which was applied from legacy PowerStream
22 is consistent with the methodology used in the study.
23 Put another way, Atrium did not recommend any
24 changes specific to the methodology being implied --
25 being applied.
26 P. SHEN: Okay. Does that mean in 2013 rate
27 application, which is PowerStream at that time, the
28 DLC study approved by OEB, that time, the methodology

1 is exactly the same as the methodology which now the
2 DLC study is using? So no any change?
3 If you could please open the Exhibit 2B, tab 6,
4 schedule 2, attachment 2B-13, and turn to page 1.
5 Okay. So the bottom paragraph:
6 "Alectra's existing DLC rate methodology is
7 based on legacy PowerStream practice. We
8 understand that the current methodology was
9 described in the 2012 PowerStream application
10 for 2013 rates and approved by the OEB."[as
11 read]
12 So the question is, is that specific methodology
13 mentioned in 2013 which are approved by OEB is the
14 same one so -- Alectra is doing now for the DLC
15 study?
16 M. MALINOWSKI: At a high level, the answer
17 would be yes, Alectra -- yes. With the exception
18 that the rates, we have an actual time study that is
19 being applied now.
20 P. SHEN: Okay. So it means not any change. So
21 Alectra basically using the methodology approved in
22 2013 rate application by PowerStream.
23 M. MALINOWSKI: I think we might have to take
24 that back --
25 P. SHEN: Sure.
26 M. MALINOWSKI: -- to confirm.
27 P. SHEN: Sure.
28 R. DHILLON: I will mark that as Undertaking JT-

1 3.18.

2 **UNDERTAKING JT-3.18: ADVISE WHETHER THE**

3 **SPECIFIC METHODOLOGY MENTIONED IN 2013 THAT WAS**

4 **APPROVED BY OEB IS THE SAME ONE ALECTRA IS USING**

5 **NOW FOR THE DLC STUDY**

6 P. SHEN: Could you please turn to page 4 of 2-

7 Staff-156, the same IR which we talked before. Yeah,

8 a little bit scroll down. Okay. It is there.

9 So would the rolling time study option be taken

10 into consideration when Alectra Utilities undertakes

11 the next time study since it is recommended in this

12 time study?

13 M. MALINOWSKI: Our understanding of this

14 recommendation is that this was a recommendation for

15 the next time study. So instead of having all staff

16 complete the time study during the same period,

17 Atrium has recommended that we consider different --

18 a rolling time study, which is not all at the same

19 period, so we wouldn't be able to implement this if

20 we are not performing another time study.

21 P. SHEN: Do you have timeline what will be the

22 next time study?

23 M. MALINOWSKI: At this time, we have not

24 considered that.

25 P. SHEN: Okay. Does it mean the rolling time

26 study will not be considered probably maybe in the

27 annual review in somehow?

28 M. MALINOWSKI: So if we look at part A, the

1 first part of the annual review will be whether any
2 changes in work or circumstances have taken place and
3 what the impact on the percentages would be. And if
4 the changes are identified, we would assess the
5 impact, and then assess next steps including whether
6 an updated time survey or time study is required. If
7 the latter is true, that an updated time study is
8 required, then we would consider a rolling time study
9 at that time.
10 P. SHEN: So I can say if in the annual study
11 anything update or difference identified, probably
12 rolling basis will also be considered at that moment.
13 Is that true?
14 M. MALINOWSKI: I am sorry, I didn't catch the
15 last part of your question.
16 P. SHEN: Sure. So my question is if in the
17 annual basis, so we -- Alectra did do some updates or
18 some, you know, analysis and at that time, if it is
19 necessary, the rolling base study will also be
20 considered if it is necessary?
21 M. MALINOWSKI: Yes, that would be accurate.
22 P. SHEN: Thank you. Thank you.
23 So the next question, my last question, can you
24 turn to page 7, part F. Alectra states there is no
25 formal peer comparison was performed. The
26 methodology used to develop Alectra's DLC rate is
27 consistent with common industry practice.
28 Could Alectra explain based on what principle or

1 criteria to make statement that the methodology used
2 to develop the current DLC study is consistent with
3 common industry practice because it is -- no formal
4 peer comparison was performed.
5 M. MALINOWSKI: This response was prepared by
6 Atrium Economics.
7 P. SHEN: Oh, sure.
8 M. MALINOWSKI: And based on their expertise,
9 they made that statement.
10 P. SHEN: Without any criteria or principle?
11 Because there is no peer comparison. So if it is
12 common industry practice, there should be any
13 previous case or examples.
14 A. STERNBERG: Given that it is an Atrium
15 response, we can undertake to take your -- that
16 question to Atrium, and if they have further
17 explanation to provide, we will pass that on.
18 P. SHEN: Sure.
19 R. DHILLON: I will mark that as Undertaking JT-
20 3.19.
21 **UNDERTAKING JT-3.19: ADVISE HOW THE METHODOLOGY**
22 **USED TO DEVELOP THE DLC RATE IS COMMON INDUSTRY**
23 **PRACTICE WHEN NO FORMAL PEER COMPARISON WAS**
24 **PERFORMED AND ADVISE OF WHAT THE COMMON INDUSTRY**
25 **PRACTICE IS**
26 P. SHEN: Okay. So just to maybe add one more
27 small question. So could Alectra elaborate on the
28 common industry practice?

1 A. STERNBERG: I think you are again asking
2 about what Atrium is referring to in this response.
3 If I have got that right, we can ask Atrium that
4 question as well.
5 P. SHEN: Yeah, please.
6 R. DHILLON: So that will still be under JT-
7 3.19.
8 P. SHEN: Yeah, same undertaking, just one small
9 question on that.
10 R. DHILLON: Thank you. Noted.
11 P. SHEN: So that is all my questions. Thanks
12 again.
13 R. DHILLON: Thank you, Ms. Shen.
14 Let's take a break for lunch and return back at
15 1:10. Thank you.
16 --- Recess taken at 12:11 p.m.
17 --- Upon resuming at 1:09 p.m.
18 R. DHILLON: Good afternoon, everyone. Thank
19 you for joining us back after lunch. We now have
20 Panel 4 scheduled to commence.
21 **PRELIMINARY MATTERS**
22 R. DHILLON: Prior to commencing with
23 questioning, a few preliminary matters. One, we are
24 ahead of schedule. We have SEC and CCC scheduled to
25 appear today for questioning; however, I am asking if
26 we can hear from EP, BOMA, or PWU whether they are
27 available to proceed after CCC today as well. So if
28 you can please let Shelly-Ann know.

1 And I will turn it over to Alectra, if you have
2 any preliminary matters; otherwise, if you can
3 introduce the panel. Ms. Coban.
4 D. COBAN: Thank you.
5 If we could just maybe mark those undertakings
6 that we received in writing for this panel. So the
7 first one is CCMBC.
8 R. DHILLON: I will mark that as Undertaking JT-
9 3.20.
10 **UNDERTAKING JT-3.20: CCMBC WRITTEN QUESTIONS**
11 D. COBAN: Thank you.
12 The next one is VECC.
13 R. DHILLON: I will mark that as Undertaking JT-
14 3.21.
15 **UNDERTAKING JT-3.21: VECC WRITTEN QUESTIONS**
16 D. COBAN: And we also have BOMA.
17 R. DHILLON: I will mark that as Undertaking JT-
18 3.22.
19 **UNDERTAKING JT-3.22: BOMA WRITTEN QUESTIONS**
20 D. COBAN: Thank you.
21 And we will just pass it over to our Witness
22 Panel Number 4 to introduce themselves, starting with
23 Ms. Natalie Yeates.
24 N. YEATES: Natalie Yeates, vice president of
25 regulatory affairs. Today, I will be answering
26 questions on the rate framework and regulatory cost.
27 M. LISTER: Good afternoon. Michael Lister,
28 director, regulatory affairs. Today, I will be

1 speaking to areas of - related to performance
2 measurement, benchmarking, and specific service
3 charges.
4 V. QUENVILLE: Vitalika Quenville, director,
5 rate applications. I will speaking to load forecast
6 exclusive of Itron forecasting methodology, revenue
7 requirement, rate harmonization, and rate design.
8 J. GRIBBON: Jamie Gribbon, vice president of
9 strategic support, taxation, and treasury. I will be
10 speaking to some of the treasury items listed on the
11 agenda.
12 J. BONADIE: Good afternoon. John Bonadie. I
13 am the director of treasury, and I will be speaking
14 to areas related to working capital, Exhibit 2B, and
15 cost of capital Exhibit 5. Thank you.
16 N. FAN: Good afternoon, everyone. My name is
17 Nicole Fan. I am the director, rates and settlements
18 at Alectra. I have been in the industry for about 18
19 years. I will be speaking to shared services cost
20 allocation as well as the deferral and the variance
21 accounts.
22 E. GJEVORI: Good afternoon, everyone. My name
23 is Edlira Gjevori, and I have been with Alectra and
24 its prior companies for 18 years. In this
25 application, I am going to cover the areas of fixed
26 asset, as well as depreciation.
27 R. DHILLON: Thank you. I will turn it over to
28 Mr. Rubenstein for SEC.

1 **CROSS-EXAMINATION BY M. RUBENSTEIN (SEC)**
2 M. RUBENSTEIN: Good afternoon, Panel. I will
3 have questions, and my colleague Ms. Scott will have
4 a couple questions as well.
5 Can we first go to 1-AMPCO-13. And you were
6 asked with respect to a table in the evidence -- or a
7 comment in the evidence about the sustained capital
8 and operating savings provided on a revenue
9 requirement basis. And if we go down to the table, I
10 just want to make sure I understand what this table
11 is showing us. Is this showing us what the revenue
12 requirement would be without those savings?
13 N. YEATES: That is correct. So the table is --
14 what we are doing is we are calculating the impact of
15 the synergy. So in order to do that, we have
16 compared a revenue requirement assuming, like, an add
17 back of the capital and OM&A synergies to compare it
18 to the revenue requirement we forecasted in the
19 application in order to calculation the 40.7 million
20 revenue requirement.
21 M. RUBENSTEIN: Can we go to the evidence,
22 Exhibit 1, tab 9, schedule 1, page 3. This is table
23 191. As I understand what this table is showing, it
24 is showing the total net synergies, that is, as I
25 understand, both the costs and the savings of the
26 merger in each -- both capital and OM&A in each year
27 between 2017 and 2026, and then it -- there's a total
28 -- a totalling that up. Do I have that right?

1 N. YEATES: So this table is showing -- so, for
2 example, for the 2026 year, that 44.3 million is the
3 sustained synergies that would carry forward into the
4 rate period.
5 M. RUBENSTEIN: Well, so, as I understand the
6 bottom, the net synergies, the 42.3 million, that
7 includes -- I mean, there is no -- maybe 2026 is a
8 bad year for that.
9 If we go to, say, 2019, for example, there is
10 29.1 million. That is contained not just sustained,
11 but also one time savings in that year?
12 N. YEATES: Yes. Some of the transition costs
13 would be one-time costs.
14 M. RUBENSTEIN: Well, sorry. What am I looking
15 at where it says in 2019 -- I am looking at the third
16 row -- there is 3.2 million under gross synergies one
17 time?
18 N. YEATES: Yes. Those are one-time -- one-time
19 synergies.
20 M. RUBENSTEIN: Okay. So the table as a whole
21 is showing the net synergies, which include for each
22 year the sustained synergies, one-time synergies, and
23 the cost. Maybe in some years, there are no one-time
24 savings, but that is what the table is showing?
25 N. YEATES: That is correct.
26 M. RUBENSTEIN: Okay.
27 I was wondering if you could provide a version
28 of this table that -- on a revenue requirement basis.

1 Because right now, this table has O&M and capital
2 costs, and so on a cash flow basis, capital
3 expenditure is the same as an O&M dollar, but on a
4 revenue requirement basis, they are quite different.
5 Are you able to provide a version of this table on a
6 revenue requirement basis?
7 N. YEATES: So what we did with respect to
8 calculating the revenue requirement impact is we know
9 that as of 2026, 44.3 million of those savings are
10 going to be sustained into the rate period; and,
11 therefore, that 40.7 million revenue requirement
12 impact is what we have calculated as the associated
13 revenue requirement impact of the sustained savings.
14 M. RUBENSTEIN: On a going-forward basis. But I
15 am -- I would like to see on a revenue requirement
16 basis the savings that you have already achieved
17 through the merger. The 2017 to 2026 savings, this
18 is what this table is showing on a capital and O&M,
19 on a dollar-for-dollar basis, and I wanted to see --
20 I would like to see this, which really would only
21 apply to the capital expenditure component on a
22 revenue requirement basis. Is that something you can
23 do?
24 D. COBAN: Mr. Rubenstein, maybe you can help me
25 understand the relevance of your question of seeing
26 this information on a revenue requirement basis. I
27 mean, just to clarify on that, I think it is the
28 historical revenue requirement relevance in

1 particular since we are here to talk about setting
2 the rates on a go-forward basis.
3 M. RUBENSTEIN: Sure. And I think it is
4 important for the Board to understand from a savings
5 point of view, revenue requirement is more accurate
6 basis in terms of savings, how much the company
7 through the deferred rebasing did save, right,
8 especially in light of the company seeking,
9 obviously, as -- with respect to certain capital
10 integration costs to include those in rate base going
11 forward. So I think it is important for us to
12 understand the savings on a revenue requirement
13 basis.
14 D. COBAN: I do think we have the savings on a
15 revenue requirement basis. That is what AMPCO-13 was
16 showing us is the sustainment -- sustained savings
17 into the forecast period.
18 M. RUBENSTEIN: Yeah, and I am looking for it
19 into the historic period on the deferred rebasing
20 basis. You are showing -- you are -- like, you
21 provide capital and operating savings. The issue
22 here, though, as you know, a dollar of capital on a
23 revenue requirement basis is different than a dollar
24 of an O&M, on the -- essentially the same basis when
25 we had a conversation with the last panel with
26 respect to how they track productivity savings. They
27 recognize that a dollar of capital is not the same as
28 O&M, and there was an adjustment made.

1 D. COBAN: We can take that away to consider it,
2 and if we think it is an appropriate request, we will
3 provide the information; if not, we will explain why.
4 M. RUBENSTEIN: All right. I would like you to
5 provide it, and in doing so, provide the supporting
6 calculation.
7 R. DHILLON: I will mark that as Undertaking JT-
8 3.23.
9 **UNDERTAKING JT-3.23: PROVIDE THE 2047 TO 2026**
10 **SAVINGS ALREADY ACHIEVED THROUGH THE MERGER ON A**
11 **REVENUE REQUIREMENT BASIS INCLUDING THE**
12 **SUPPORTING CALCULATION**
13 M. RUBENSTEIN: Can we go to 1-SEC-2.
14 And so in this, we had asked for certain
15 benchmarking information in this undertaking -- sorry
16 -- in this interrogatory, SEC-4, which is referenced
17 here, asked you for certain third-party reviews, and
18 you provide a list of all those documents that are
19 responsive to the questions.
20 And in the response, you say you wouldn't
21 provide copies but -- well, we won't -- I won't read
22 exactly what you said, but essentially, if you ask,
23 we will provide copies, but we won't just provide
24 them.
25 So I will provide you with a list of documents,
26 and I have had a -- some conversations with my
27 friends to get this list. So I am going to read them
28 into the record, and these are the documents from the

1 list we would like.
2 The first is the deep-dive electricity utility
3 customer survey commercial for 2025; the national
4 electric customer survey for 2025; the continuous
5 improvement framework review; the building condition
6 assessment; the ARI health vehicle report; the
7 software asset management review; the hardware asset
8 management review; the Alectra Durham's needs
9 assessment; the Alectra DSO research study; the
10 digital and innovation target operating model report;
11 the determination of asset utilization report; the
12 Alectra Utilities 2020 to 2024 capital plan assurance
13 review; the Canadian power sector cyber security
14 budget and head count benchmarking report for Alectra
15 Utilities Corporation; the executive pension
16 benchmarking report; the executive compensation
17 analysis with an asterisk. That is only if what is
18 considered by executive or what is contained in this
19 is anything beyond executive VP level since there is
20 an updated executive VP study that has been provided;
21 and then, finally, the review of target market
22 positioning approach and peer group for executive
23 compensation benchmarking.
24 D. COBAN: We will take an undertaking to
25 consider your request to produce those documents and
26 advise accordingly.
27 M. RUBENSTEIN: Thank you very much.
28 R. DHILLON: I will mark that as Undertaking JT-

1 3.24.

2 **UNDERTAKING JT-3.24: PROVIDE THE DOCUMENTS**
3 **IDENTIFIED ON THE RECORD FROM THE LIST PROVIDED**
4 **IN RESPONSE TO SEC-4**

5 M. RUBENSTEIN: Before you turn to something, in
6 1-Staff-1, you provide some updates to the requested
7 amounts. You detail all the -- and there is a number
8 of tables in detailing that.

9 Can I ask you to undertake to provide an updated
10 version of the table at Exhibit 1, tab 11, schedule
11 2, page 14. That is table 1-11-4 that shows the
12 derivation of the revenue growth factor.

13 N. YEATES: Of course. Not a problem.

14 R. DHILLON: I will mark that as Undertaking JT-
15 3.25.

16 **UNDERTAKING JT-3.25: PROVIDE AN UPDATED VERSION**
17 **OF TABLE 1-11-4 AT EXHIBIT 1, TAB 11, SCHEDULE**
18 **2, PAGE 14**

19 M. RUBENSTEIN: Now, I just want to make sure I
20 understand the revenue growth factor in the CPCI
21 formula. Am I correct that the intent of the billing
22 determinant growth back-off in the derivation of the
23 RGF is that the cost impact of billing determinant
24 growth is already included in the revenue requirement
25 through the forecast of capital as well as in the
26 OM&A through the growth factor, and if you didn't
27 back that amount out, you would double-recover that
28 amount since it is a price cap, and you would,

1 obviously, have growth in customers and kilowatt
2 hours and kilowatts?
3 N. YEATES: So the purpose of the billing
4 determinant growth back-off is to -- because we are
5 getting that growth through the billing determinant
6 growth, it was appropriate for us to remove that from
7 the revenue growth factor portion of the custom price
8 cap index calculation.
9 M. RUBENSTEIN: Is something I said different
10 than what you are saying? I just want to make sure I
11 -- is how I formulated it not correct, that the
12 revenue requirement that you developed in -- maybe we
13 can go to the table. It is easiest just to look at
14 it.
15 N. YEATES: Yeah, so if we can bring up table 1-
16 11-4 in Exhibit 1.
17 M. RUBENSTEIN: It is on page 14.
18 N. YEATES: Yeah.
19 M. RUBENSTEIN: That the -- the revenue -- the
20 total revenue requirement already includes amounts
21 related to growth through the capital forecast,
22 through the growth factor in the OM&A, and that you
23 need to pull out the billing determinant growth
24 because you are going to capture that also through
25 the -- the -- since it is a price cap, the natural
26 growth and billing determinant growth in each year?
27 N. YEATES: No. I wouldn't characterize it that
28 way. The revenue requirement doesn't include the

1 billing determinant growth, right. So we calculate
2 the revenue requirement. What we are saying here is
3 that once the rates are set during the IRM period,
4 say, 2020 through -- sorry -- during the IR term,
5 2020 through 2031, we are proposing an escalation,
6 like, a price cap type of escalation to each year.
7 And so as part of that, the rates times the
8 billing determinant in those years will naturally --
9 there will be growth related to that, and that is
10 what we are backing off. We are not saying that the
11 revenue requirement that we calculated includes that
12 growth. We are saying that that growth would result
13 from the application of the rates during the rate
14 term, and that is why we have backed it out from the
15 revenue growth factor.
16 M. RUBENSTEIN: Yeah, because you are backing it
17 out because in -- your revenue requirement includes
18 the cost implications of the forecast growth. You
19 have capital expenditures for customer addition. The
20 OM&A inside the revenue requirement is increased by a
21 growth factor. And so you want to avoid essentially
22 double-counting?
23 N. YEATES: So if we can bring up 1-SEC-11, I
24 think that will help clarify.
25 M. LISTER: If you could scroll down a little
26 bit on the interrogatory response.
27 So there, it is in response to part E. This is
28 a response from our expert Clearspring, conditions

1 why the billing factor determinants need to be
2 removed from the growth factor calculation in order
3 to convert it to a price cap model.
4 M. RUBENSTEIN: Okay. I'm not -- I really am
5 not -- it is not even my question. I was just trying
6 to set up to make sure I understand it. I mean, I --
7 I think we are actually talking -- speaking the same
8 language and saying the same things. I think at a --
9 at the high point, if you don't do it, then
10 essentially you are going to over-recover. That is
11 why you need to remove that?
12 N. YEATES: That is why we are removing it.
13 M. RUBENSTEIN: Okay.
14 And am I correct that the intent of the CPCI
15 formula is if inflation and annual change in billing
16 determinants are as equal or end up being exactly as
17 forecast, right, then the company is to recover in
18 each year its revenue requirement minus the impact of
19 the stretch factor?
20 N. YEATES: So there are two key elements to the
21 revenue growth factor and the calculation of the
22 custom price cap index. So we have -- first is for -
23 - related to capital. So we have forecasted capital
24 on a forecast basis in order to determine capital-
25 related revenue requirement.
26 With respect to OM&A, however, we are proposing
27 to set OM&A based on 2027 OM&A, and then OM&A then
28 gets escalated by the inflation growth and our

1 proposed input price differential. And then, of
2 course, it is offset by revenue offsets to get the
3 total revenue requirement.
4 M. RUBENSTEIN: Let me clarify just so we are
5 talking -- when I say "total revenue requirement," I
6 am talking about line 18 on the table. If inflation
7 is exactly as you forecast for the term and the
8 billing determinants or the number of customers and
9 the kilowatts and kilowatt hours and kilowatts are
10 exactly as you forecasted in the evidence, with the
11 exception of the stretch factor, am I correct that
12 the revenue that the company should receive from
13 distribution customers should equal line 18; the one
14 exception, it should be slightly lower because of the
15 stretch factor? To put it another way, if the
16 stretch factor was zero, right, and you were doing
17 the same thing, you should get the total revenue
18 requirement?
19 N. YEATES: Yeah, so based on the inputs to the
20 custom price cap index, the inflation less the
21 stretch plus the revenue growth factor, that line in
22 table -- do we still have -- do we have table 1-11-5,
23 just if we scroll down. Okay. Here we go. Yes,
24 table 1-11-5, that line that is shaded in grey, that
25 5.87 percent, those numbers is what we are going to
26 escalate the 2027 rates by in order to get the
27 revenue requirement shown on line 18 of table 1-11-4.
28 M. RUBENSTEIN: Okay. I don't believe it does.

1 I believe based on your -- and I am using only the
2 application numbers because we don't have all the
3 updated. So using the application numbers, I believe
4 there is about a -- my calculation, a little bit more
5 than a $3 million over-recovery, and I believe that
6 is driven by the way you back out the billing
7 determinant growth.
8 What you are doing is you are subtracting the --
9 you are subtracting out the billing determinant
10 growth, which you calculate as essentially the change
11 between, you know, the customers and demand in year 2
12 divided by year 1 -- sorry -- year 2 -- the billing -
13 - sorry -- the billing determinants multiplied by the
14 previous year's rates subtract -- divided by the
15 previous year's billing determinants at that year's
16 rates.
17 And what it doesn't account for is that in the
18 year 2 or in 2028 or 2019, customers are not just
19 paying previous year's rates; they are paying that
20 year's higher rates, and that is not accounted for in
21 how you have determined the billing determinant back-
22 out calculation, and that is a small effect, but it
23 compounds over time.
24 So I have a two-part -- I have a two-part
25 undertaking that -- best to do it by way of
26 undertaking. First, can you confirm that I am
27 correct; and then, second, if I am correct, to
28 propose a solution?

1 Now, I believe the solution would be to change
2 the way you calculate the RGF and calculate it -- the
3 revised calculation would be the following. You
4 would take -- you would add 1 -- you would add 1 to
5 the growth in the revenue requirement divided by 1
6 plus the billing determinant growths minus 1 plus the
7 inflation.
8 And what this is doing is that it is
9 determining, based on the growth in billing
10 determinants, how to -- essentially how much more you
11 need to capture that revenue requirement. And I
12 believe that gets you exactly to the perfect answer.
13 So I know that is a bit of a mouthful, and so I
14 would ask you by way of undertaking to first
15 determine if you agree with my -- agree that there is
16 a slight over-recovery but material over-recovery
17 and, second, propose a solution and consider what I
18 have provided.
19 N. YEATES: We will undertake to do so.
20 M. RUBENSTEIN: Thank you.
21 D. COBAN: And, Mr. Rubenstein, maybe I could
22 just ask you to send us via e-mail that formula you
23 read into the record just to make sure we have got
24 it.
25 M. RUBENSTEIN: I will do that.
26 D. COBAN: Thank you.
27 R. DHILLON: I will mark that as Undertaking JT-
28 3.26.

1 **UNDERTAKING JT-3.26: ADVISE WHETHER THE CPCI**
2 **CALCULATION RESULTS IN A SLIGHT OVER-RECOVERY**
3 **RELATED TO TABLE 1-11-5 AND, IF SO, PROVIDE A**
4 **PROPOSED SOLUTION INCLUDING CONSIDERATION OF THE**
5 **FORMULA PROVIDED BY MR. RUBENSTEIN**
6 M. RUBENSTEIN: Can we go to 1-SEC-20. And in
7 part B, we asked you to provide a table that shows
8 the annual revenue collected through Alectra's
9 proposed custom price cap index mechanism and what
10 Alectra would have collected using the approved
11 custom price cap index mechanism with Alectra's
12 inputs in the Toronto Hydro EB-2018-0165 case and to
13 provide the calculations.
14 And in your answer, you refused providing,
15 saying it is not probative since that is not your
16 framework. Well, we agree that is not your
17 framework. But the point is we are trying to
18 understand how the difference between a previously
19 approved custom price cap framework that the Board
20 approved with respect to Toronto Hydro and yours and
21 to understand from a numerical basis what the
22 difference is in terms of the amount that you would
23 recover. So we would ask you to provide it as
24 requested.
25 D. COBAN: No, we are going to maintain our
26 refusal, Mr. Rubenstein. That is not the proposed
27 framework in this application, and I think it would
28 be quite the effort to go and try to understand the

1 Toronto Hydro framework and apply it here within the
2 timelines for responding to undertakings.
3 M. RUBENSTEIN: Can we go to 1-SEC-21. And in
4 this question, we asked that -- essentially why
5 Alectra has proposed the OM&A specific IPD as opposed
6 to different weightings of the OEB's annual inflation
7 factor.
8 And your response, as I read it, and you can
9 help me if I am characterizing this incorrectly, but
10 essentially it reflects that it would essentially
11 yield similar results and this is easier. Like, is
12 that the rationale, really?
13 A. STERNBERG: Sorry, Mr. Rubenstein, I am just
14 jumping in because this is a response prepared by
15 Clearspring. It sounds like you are asking for
16 clarification or explanation of it. If that is
17 important to you, we can take that back to
18 Clearspring.
19 M. RUBENSTEIN: Well, you can take it to either
20 Clearspring or the company together. It is fine if
21 you want to do it by underway[sic]. But I am just
22 trying to -- well, I have a couple questions as it
23 relates to this issue. But is the only issue that it
24 is simpler to essentially administer.
25 A. STERNBERG: Why don't we do this since,
26 again, it is a follow-up to the Clearspring question.
27 Why don't we deal with it by way of undertaking, and
28 if Clearspring has a further response, they can. And

1 if there is any additional response that the company
2 has besides Clearspring's, we can provide that in the
3 response as well.
4 M. RUBENSTEIN: Okay. Can we go to the report,
5 the Clearspring report.
6 R. DHILLON: Mr. Rubenstein, are you adding to
7 that undertaking or...
8 M. RUBENSTEIN: Probably best to deal in
9 separate undertakings.
10 R. DHILLON: Okay. I will mark that as
11 Undertaking JT-3.27.
12 **UNDERTAKING JT-3.27: ADVISE WHETHER THE ONLY**
13 **RATIONALE FOR WHY ALECTRA PROPOSED THE OM&A**
14 **SPECIFIC IPD AS OPPOSED TO DIFFERENT WEIGHTINGS**
15 **OF THE OEB'S ANNUAL INFLATION FACTOR IS BECAUSE**
16 **IT WOULD ESSENTIALLY YIELD SIMILAR RESULTS AND**
17 **IS EASIER**
18 M. RUBENSTEIN: If we can go to the Clearspring
19 report. If we can go to page 27 of the report. And
20 here in table 6, Clearspring is providing a labour,
21 non-labour proportion of Alectra's OM&A expenses. Do
22 you see that?
23 M. LISTER: Yes, we see that.
24 M. RUBENSTEIN: Can you map this to the
25 evidence, where these numbers exactly come from? I
26 was having trouble --
27 M. LISTER: I am sorry, can you repeat that --
28 M. RUBENSTEIN: Can you -- can you --

1 M. LISTER: -- I am having trouble hearing.
2 M. RUBENSTEIN: I apologize.
3 Can you map this to the evidence? I am having
4 trouble recreating these numbers exactly, where they
5 are derived from. Is that something you can do?
6 M. LISTER: I believe so. Just for clarity,
7 what we can provide is the backup for this
8 information, which should be that. So Clearspring
9 used Alectra data to formulate these comparisons, so
10 that should be doable.
11 M. RUBENSTEIN: Okay. Thank you.
12 R. DHILLON: I will mark that as Undertaking JT-
13 3.28.
14 **UNDERTAKING JT-3.28: ADVISE WHERE THE NUMBERS**
15 **THAT ARE SHOWN IN TABLE 6, PAGE 27 OF**
16 **CLEARSPRING'S REPORT COME FROM**
17 M. RUBENSTEIN: And as I understand -- and you
18 will have to way -- by way of undertaking. As I
19 understand, Alectra sourced the forecast AWE and GDP-
20 IPI from the Conference Board of Canada. And I am
21 interested in understanding exactly the definitions
22 of how -- of what specifically the data was used to
23 derive that information so that I can -- we can
24 understand how it is comparable to the Stats Can
25 information the Board uses.
26 M. LISTER: Sorry. Again, I missed the last
27 part of your statement. I couldn't hear you.
28 I think you were asking for definitions from the

1 Conference Board of Canada for each of those series?
2 M. RUBENSTEIN: Yes. That it is forecasting.
3 My understanding, there is a forecast used based on
4 Conference Board of Canada information, for that
5 information.
6 M. LISTER: Yeah, we can undertake to provide
7 that.
8 M. RUBENSTEIN: Thank you.
9 R. DHILLON: I will mark that as Undertaking JT-
10 3.29.
11 **UNDERTAKING JT-3.29: PROVIDE THE DEFINITIONS OF**
12 **THE CONFERENCE BOARD OF CANADA SERIES USED TO**
13 **DERIVE THE FORECAST AWE AND GDP-IPI**
14 M. RUBENSTEIN: Can I ask you to go to 5-SEC-94,
15 although I am not sure you necessarily need to bring
16 that up.
17 I was wondering if, by way of undertaking, based
18 on the AOEB's methodology for setting ROE in the
19 deemed long-term debt rate, can Alectra tell us what
20 that amount would be if set today or when it -- when
21 its undertaking that -- to provide that -- the
22 undertaking?
23 J. BONADIE: We can undertake to do that.
24 M. RUBENSTEIN: Thank you.
25 R. DHILLON: I will mark that as Undertaking JT-
26 3.30.
27 **UNDERTAKING JT-3.30: ADVISE WHAT THE AMOUNT**
28 **WOULD BE FOR SETTING ROE IN THE DEEMED LONG-TERM**

1 **DEBT RATE IF SET TODAY**
2 M. RUBENSTEIN: Can we now go to 8-SEC-100.
3 And so we asked you to provide a table that
4 shows for each year between 2013 and 2031 and for
5 each rate class and rate zone the distribution
6 monthly service charge, the distribution volumetric
7 charge, the fixed group 2 DVA riders, and the
8 volumetric group 2 riders, and provide the
9 information in Excel.
10 And in your response, you provide the
11 information for '25 to 2031, and then you say, well,
12 look at the rates database for 2013 to 2024. Do you
13 see that?
14 N. YEATES: Yes, we see that.
15 M. RUBENSTEIN: Well, we would ask you to
16 provide the information as requested. As you are
17 aware, the OEB rates database, especially as it
18 relates to DVAs, categorizes them somewhat
19 inclear[sic] -- not so clear between years. They
20 also aggregate various riders into one larger
21 category, some that include both group 1, both group
22 2, sometimes it is not clear.
23 So we would ask you to provide this information
24 so we are all working from the same base.
25 D. COBAN: We will take that away to consider
26 how much effort is involved in doing so, and we will
27 advise in the undertaking response.
28 R. DHILLON: I will mark that as Undertaking JT-

1 3.31.

2 **UNDERTAKING JT-3.31: PROVIDE A TABLE THAT SHOWS**
3 **THE DISTRIBUTION MONTHLY SERVICE CHARGE, THE**
4 **DISTRIBUTION VOLUMETRIC CHARGE, THE FIXED GROUP**
5 **2 DVA RIDERS, AND THE VOLUMETRIC GROUP 2 RIDERS**
6 **FOR EACH YEAR BETWEEN 2013 AND 2024 AND FOR EACH**
7 **RATE CLASS AND RATE ZONE**

8 M. RUBENSTEIN: Can we go to 8-SEC-105. And if
9 we go down to table 1. For classes -- so this is
10 showing with respect to the number of standby
11 customers in each of the various rate classes of the
12 existing rate zones.

13 And I was wondering if you could provide for
14 rate classes -- for the GS over 50 rate classes in
15 each of these rate zones the number of customers both
16 over and under 500 kilowatts.

17 V. QUENVILLE: To confirm, it is for each year
18 from '20 to '25?

19 M. RUBENSTEIN: Yes.

20 V. QUENVILLE: Yes, we can provide that.

21 R. DHILLON: I will mark that as Undertaking JT-
22 3.32.

23 **UNDERTAKING JT-3.32: PROVIDE THE NUMBER OF**
24 **CUSTOMERS BOTH OVER AND UNDER 500 KILOWATTS FOR**
25 **THE GS OVER 50 RATE CLASSES IN EACH OF THE RATE**
26 **ZONES FOR THE YEARS 2020 TO 2025**

27 M. RUBENSTEIN: Now, one thing I want to make
28 sure I understand is how the current standby rates

1 for different rate zones work comparatively, and then
2 what they are going to look like under the proposal.
3 I was wondering if you could provide using an
4 illustrative example of a -- of one common customer
5 situation, what would the existing rate look like for
6 that customer with respect to standby and gross load
7 billing for each of the rate zones, and then what
8 would it look like under your proposed approach. And
9 if possible, trying to maintain common rates so we
10 have a sense of -- to try and understand how the
11 different structures would impact. So a set of
12 common rates and an understanding what the current
13 structures look like, and then what the new
14 structures look like.
15 And as -- just as a very illustrative example,
16 as a customer with, say, a peak demand 300 kilowatts
17 and behind the meter generation of 100 kilowatts. Is
18 that something you can do?
19 V. QUENVILLE: Yes, we can do that.
20 M. RUBENSTEIN: Thank you very much.
21 R. DHILLON: I will mark that as Undertaking JT-
22 3.33.
23 **UNDERTAKING JT-3.33: PROVIDE AN ILLUSTRATIVE**
24 **EXAMPLE OF WHAT THE EXISTING RATE WOULD LOOK**
25 **LIKE FOR A CUSTOMER WITH RESPECT TO STANDBY AND**
26 **GROSS LOAD BILLING FOR EACH OF THE RATE ZONE**
27 **COMPARED TO WHAT WOULD IT LOOK LIKE UNDER THE**
28 **PROPOSED APPROACH**

1 M. RUBENSTEIN: Can we go to 1-Staff-20.
2 So in this, this relates to the Clearspring
3 report, and there is a discussion about the different
4 capital asset normalization approaches.
5 Can Alectra provide in an Excel spreadsheet the
6 Handy-Whitman index values and the Canadian implicit
7 capital stock deflator values used for each year in
8 the Clearspring study.
9 I recognize it is somewhere sitting in some
10 working paper file that I can't find. But if you can
11 provide that information in an Excel spreadsheet.
12 A. STERNBERG: We will take that back to
13 Clearspring and provide a response, or if we are not
14 able to, we will advise.
15 M. RUBENSTEIN: All right.
16 R. DHILLON: I will mark that as Undertaking JT-
17 3.34.
18 **UNDERTAKING JT-3.34: PROVIDE AN EXCEL**
19 **SPREADSHEET WITH THE HANDY-WHITMAN INDEX VALUES**
20 **AND THE CANADIAN IMPLICIT CAPITAL STOCK DEFLATOR**
21 **VALUES USED FOR EACH YEAR IN THE CLEARSPRING**
22 **STUDY**
23 M. RUBENSTEIN: Those are all my questions. I
24 know Ms. Scott had some questions.
25 R. DHILLON: Thank you, Mr. Rubenstein.
26 **CROSS-EXAMINATION BY J. SCOTT (SEC)**
27 J. SCOTT: Thank you. Good afternoon, Panel. I
28 had a couple of questions, and I am not sure if you

1 want Itron to answer them, but I will ask them, and
2 you can say who is best answering them.
3 3-SEC-73, we asked about reclassifications. I
4 think maybe the best one to pull up is 3-VECC-40.
5 And if you scroll down to the table -- yes, there.
6 So table 1.
7 And my understanding was this is updated -- this
8 is based on the updated 2025 data. It is the -- I
9 think it is 3-1-14 chart that you had in the
10 evidence, and this has been updated and broken out a
11 bit more. If you can just confirm that.
12 V. QUENVILLE: Values in table 1 are cumulative
13 from May 2025 budget based on the application.
14 J. SCOTT: Sorry. She is going to 14. Okay.
15 So it is similar numbers to this, but just
16 broken out and updated with the 2025 information. Is
17 that correct?
18 V. QUENVILLE: Somewhat. If we go back to table
19 1 -- and maybe you can make -- I can guide you
20 through, for example, 2026, and you will see how it
21 reconciles to the previous table.
22 For general service less than 50 customer with a
23 reclassification from less than 50 to greater than 50
24 has 61 customers, and the reclass from greater than
25 50 to less than 50 has 535. The net is 474. And if
26 we go back to the previous table, 474, that is your
27 GS less than 50 net additions for 474.
28 But those are cumulative, which are compiled of

1 two years May to December budgeted, 238, and
2 remainder 2026 full year.
3 J. SCOTT: So when you say "cumulative" -- well,
4 I will back up just -- so are these adjustments that
5 are being made outside of the Itron forecast, or are
6 they as a result of historical data in the Itron
7 forecast?
8 V. QUENVILLE: Those are incremental adjustments
9 to baseline forecast.
10 J. SCOTT: Okay. And when you say
11 "incremental," you have just obviously carried
12 forward the ones from the previous year.
13 V. QUENVILLE: Incremental means in addition to
14 baseline Itron load forecast output. They are made
15 in addition to the forecasted numbers.
16 J. SCOTT: So if we are looking at that chart in
17 2026 you -- there is an adjustment to the number of
18 customers in GS less than 50 of 474 in 2026. In
19 2027, there is an adjustment of 685.
20 V. QUENVILLE: That is right.
21 J. SCOTT: And that 685 includes the 474?
22 V. QUENVILLE: Exactly.
23 J. SCOTT: Okay. I think that is fine.
24 And 3-SEC-75, we asked a bit about data centre
25 load. If you scroll down, my understanding, that
26 there was a change made as a result of this IR.
27 V. QUENVILLE: Change made as a result of new
28 information to date.

1 J. SCOTT: Yes. Okay.
2 So do we have somewhere an Excel spreadsheet
3 that shows the output from the Itron load forecast
4 updated for 3-SEC-69 and then shows the data centre
5 adjustments and then the electrification adjustments
6 and the EV adjustments?
7 V. QUENVILLE: We can produce that.
8 J. SCOTT: Okay. If you could. Thank you.
9 D. COBAN: If we can have an undertaking number,
10 please.
11 R. DHILLON: Yeah, I will mark that as
12 Undertaking JT-3.35.
13 **UNDERTAKING JT-3.35: PROVIDE AN EXCEL**
14 **SPREADSHEET THAT SHOWS THE OUTPUT FROM THE ITRON**
15 **LOAD FORECAST UPDATED FOR 3-SEC-69 AS WELL AS**
16 **THE DATA CENTRE ADJUSTMENTS, ELECTRIFICATION**
17 **ADJUSTMENTS, AND EV ADJUSTMENTS**
18 J. SCOTT: If we go to 8-SEC-103.
19 And this was about increasing the monthly fixed
20 charge, and I am still not clear why the decision to
21 increase the monthly -- the one -- the fixed charges
22 that are above the ceiling, increasing them, and you
23 do refer to the filing guidelines, and you are
24 correct saying they are not required to reduce them,
25 but it also says you should not increase them any
26 further. So I am still not clear on what the
27 rationale is for that one.
28 V. QUENVILLE: It is to provide stability to

1 customer sales and revenue mix.
2 J. SCOTT: Stability to customers?
3 V. QUENVILLE: Yeah, to customer sales and
4 revenue mix.
5 And perhaps we can go to table 8-2-6, Exhibit 8,
6 tab 2, schedule 2, page 4. Those are the fixed
7 variable split ratios over the custom IR term.
8 J. SCOTT: So it is to maintain -- you are still
9 maintaining the fixed and variable split even though
10 it contradicts the filing requirements? Is that --
11 V. QUENVILLE: And in 2027, we transition to
12 fully harmonized rates, so that fixed variable split
13 was informed by 2027 cost allocation model, and we
14 propose to maintain it over the custom IR term.
15 J. SCOTT: Okay.
16 My last question is just on 4-Staff-197, and
17 this maybe gets back to something that we talked
18 about this morning. If you go down to the table,
19 maybe -- yes. So my understanding, if you just
20 scroll up slightly so we can see the name of the
21 table, yeah, so the number of positions, FTEs, within
22 Alectra business units.
23 If you go down to the bottom of the table, so
24 maybe you can explain this to me, and maybe this gets
25 to positions versus FTEs. Because as I understand
26 it, normally your number of positions would be
27 greater than your number of FTEs, but if you can
28 explain -- someone can explain to me how you can have

1 more FTEs than positions?
2 D. COBAN: I think this would have been a
3 question for Panel 3, so, Ms. Scott, we will deal
4 with that by way of undertaking for you.
5 J. SCOTT: Okay. It was on the listing, but if
6 you can do it by undertaking, yes. Just explain what
7 is meant by positions and FTEs and how you can have
8 more FTEs than positions.
9 Those are my questions for this panel. Thank
10 you very much.
11 R. DHILLON: I will mark that as Undertaking JT-
12 3.36.
13 **UNDERTAKING JT-3.36: EXPLAIN THE DIFFERENCE**
14 **BETWEEN POSITIONS AND FTES AND HOW there CAN E**
15 **MORE FTES THAN POSITIONS IN TABLE 4-STAFF-197.**
16 R. DHILLON: Thank you, Ms. Scott.
17 I will turn it over to CCC, Mr. Gluck.
18 **CROSS-EXAMINATION BY MR. GLUCK (CCC)**
19 L. GLUCK: Good afternoon, Panel.
20 If we could start by going to 2-Staff-153,
21 please, and if we go to the second page. So in part
22 B to this question, Staff asked for the fixed asset
23 continuity schedules associated with the changes
24 resulting from the depreciation in DLC studies,
25 applying those studies in 2027 instead of 2025. And
26 I just want to make sure I understand exactly what is
27 shown in the response to that question.
28 So if we go to attachment 1, please. And on

1 this tab, the rate base tab, my understanding of what
2 it is showing is that if you were to maintain your
3 previous useful lives and direct labour
4 capitalization rates in 2025 and 2026 and only apply
5 the changes in the 2027 test year, the opening 2027
6 rate base would be reduced by about $49 million; is
7 that what this is showing? You would have to go down
8 a little bit. Sorry. I apologize. It is the 48.9.
9 E. GJEVORI: Yes, that is correct.
10 L. GLUCK: Okay. Thank you.
11 And my understanding, just in a bit more detail,
12 is that the change to accumulated depreciation of 38
13 million or 37.86 million is related to the change to
14 the useful lives; is that right?
15 E. GJEVORI: Yes. That is the cumulative effect
16 of '25 and '26.
17 L. GLUCK: Thank you.
18 And the 11 million we are seeing in 2027 to the
19 gross assets, that is the impact of the DLC change?
20 E. GJEVORI: That is correct. Again, here is
21 the total of '25 and '26.
22 L. GLUCK: Okay. Great. Thank you.
23 And if we could go to the PILS tab, please. So
24 my understanding here where it is showing that there
25 is an impact of, you know, between 300 grand and
26 $400,000 between '27 and 2031, that is simply the
27 impact of reducing opening rate base in 2027 by the
28 $49 million that we talked about, the 48.9 million;

1 is that what that is showing?
2 E. GJEVORI: That is correct. I want to add
3 here that the formulas presented in column H in there
4 are incorrect, and I think there is also an
5 undertaking, I think J1.1, where we are going to fix
6 those formulas, but that doesn't change the overall
7 impact.
8 L. GLUCK: Okay. Thank you.
9 And if we go to the OM&A tab, I see that there
10 is no impact between '27 and 2031, and that is
11 because the change to useful lives is reflected in
12 your application; is that right?
13 E. GJEVORI: There is no impact because the
14 change in DLC, it is already reflected there.
15 L. GLUCK: Okay. Okay. Thank you. Yeah,
16 sorry. DLC.
17 And then depreciation, if we could go to the
18 next tab, please, similarly, there is no impact in
19 '27 to 2031, and this one is about the useful life;
20 correct?
21 E. GJEVORI: That is correct.
22 L. GLUCK: Okay. Thank you.
23 And if we could just go to the revenue
24 requirement tab for a second, and it describes it in
25 the title as, you know, adjusted to remove DLC and
26 ULC change. But just to make sure, this is just
27 showing the outcome of all the other tabs; it is
28 about applying the change to DLC and UL in 2027

1 instead of 2025?
2 E. GJEVORI: That is correct.
3 L. GLUCK: Okay. Thank you.
4 And I think this table is based on the as-filed
5 evidence, and there were changes in 1-Staff-1 to rate
6 base. So would it be possible to provide an update
7 to this table based on the latest numbers?
8 E. GJEVORI: Yeah, I believe Undertaking JT-1.1
9 already asked for that information --
10 L. GLUCK: Okay.
11 E. GJEVORI: -- so we will be providing.
12 L. GLUCK: Okay. Thank you.
13 And if we could go to 2-CCC-11, please. And if
14 we go to page 3. And at part F here. So this
15 response speaks to Alectra's approach to forecasting
16 depreciation, and I just want to make sure that I
17 understand the forecasting methodology for ongoing
18 capital programs, and I am making a distinction there
19 between ongoing capital programs and discrete
20 projects.
21 And so for determining the year that the asset
22 will go in service for these ongoing capital
23 programs, you base it on historical actuals for that
24 specific type of ongoing capital program; is that
25 right?
26 E. GJEVORI: That is correct.
27 L. GLUCK: And for the monthly forecast in the
28 year that the asset is expected to come in service,

1 you simply spread the annual amount equally across
2 each month of the year; is that also right?
3 E. GJEVORI: That is correct. And I have given
4 there an example of a transformer renewal program.
5 So based on the historical information, we determined
6 that 90 percent of these capital expenditure would go
7 in the service in the year these expenditures are
8 incurred, and then the remaining 10 percent goes in
9 the following year. So for the 90 percent that goes
10 in the service in the current year, because there are
11 many individual smaller projects, we spread it
12 equally each month.
13 L. GLUCK: Thank you.
14 And I am just curious, so for the purposes of
15 figuring out what year an asset is going to go into
16 service, you use historical actuals as a basis for
17 that, but for the monthly forecast, you don't do
18 that? You are spreading it over -- you are spreading
19 it equally across the year? And is there a reason
20 for that, why there is sort of a differing of
21 approach between the year an asset goes into service
22 versus the month in a year that the asset goes into
23 service?
24 E. GJEVORI: The reason for that is because, as
25 I said, as part of the program, you can have a large
26 number of individual projects; therefore, it is
27 difficult to predict which month those individual
28 projects would go into service. So a transformer

1 renewal program might have, you know, a large number
2 of projects, and we wouldn't exactly know the timing
3 of when they would go in service.
4 L. GLUCK: Okay. Thank you.
5 Can we go to 2-SEC-66, attachment 3, please. I
6 think it is an Excel spreadsheet. Thank you. And I
7 understand this table shows the recalculated rate
8 base using the same monthly average approach as used
9 to determine depreciation expense; is that correct?
10 E. GJEVORI: This calculation was produced as a
11 response to Staff-153, using the monthly additions
12 and monthly derecognition data as well as our current
13 depreciation calculation.
14 L. GLUCK: Right. So it is using a monthly
15 average approach as opposed to the half-year rule for
16 rate base; is that fair?
17 E. GJEVORI: As opposed to, yeah, the average of
18 opening and closing.
19 L. GLUCK: Thank you.
20 And maybe this is caught up in one of those
21 undertakings that I missed, is can you please update
22 this attachment to reflect the changes in 1-Staff-1?
23 Because I think 1-Staff-1 has implications on
24 additions.
25 E. GJEVORI: Meaning the only change is updating
26 for 2025 actuals.
27 L. GLUCK: 2025 actuals, and then it has -- I
28 thought it had a carry-through effect on additions

1 over the period after 2025, so I think this table
2 would have some adjustments flowed through from the
3 change to 2025 actuals?
4 E. GJEVORI: Yes. It will change a cumulative
5 balances, yeah.
6 L. GLUCK: So can you undertake to provide the
7 most up to date?
8 E. GJEVORI: Yes.
9 L. GLUCK: Thank you.
10 R. DHILLON: I will mark that as Undertaking JT-
11 3.37.
12 **UNDERTAKING JT-3.37: PROVIDE THE MOST UP-TO-**
13 **DATE VERSION OF 2-SEC-66, ATTACHMENT 3, TO**
14 **REFLECT THE CHANGES IN 1-STAFF-1**
15 L. GLUCK: Thanks.
16 And if we could go to 1-CCC-8, please, at page
17 3. And I just want to make sure I understand this
18 table correctly. If I were to be making an
19 adjustment to appendix 2JC to remove the shareholder
20 portion of the GRE&T Centre, I would just be removing
21 that 14.2 million from the 1.935 billion; is that how
22 I would do the math?
23 N. YEATES: That is correct.
24 L. GLUCK: Okay. Thank you.
25 Could we go to -- excuse me -- 4-CCC-61, please.
26 And if we could go to page 2. So I understand -- I
27 asked this to panel -- so I understand that this
28 table shows the derivation of the estimated 50

1 percent increase in the current value assessment for
2 Alectra's properties in 2026; is that correct?
3 J. GRIBBON: Yes. Yes, that is correct.
4 L. GLUCK: And I understand that there is a
5 phase-in period for value assessments over a four-
6 year period; is that also correct?
7 J. GRIBBON: Subject to check, yes, I believe
8 that is correct.
9 L. GLUCK: And was that phase-in period
10 reflected in the 2027 property tax estimate for
11 ratemaking purposes?
12 J. GRIBBON: Subject -- subject to check, yes, I
13 believe that is correct.
14 L. GLUCK: So could you explain that a bit
15 further? Because it -- the way I was reading the
16 evidence is that the entirety of the 50 percent
17 change was reflected in 2027, so that, to me, would
18 reflect a one-year implementation of the value
19 assessment change, so I would have expected to see,
20 you know, 50 percent divided by 4 as the ramp-up of
21 the property taxes.
22 J. GRIBBON: Unfortunately, our tax expert isn't
23 with us on the panel, so I will take an undertaking
24 on that.
25 L. GLUCK: Okay. I appreciate that. Thank you.
26 R. DHILLON: I will mark that as Undertaking JT-
27 3.38.
28 **UNDERTAKING JT-3.38: EXPLAIN THE PHASE-IN**

1 **PERIOD REFLECTED IN THE 2027 PROPERTY TAX**
2 **ESTIMATE FOR RATEMAKING PURPOSES**
3 L. GLUCK: I just have one last question, and I
4 also asked this of another panel.
5 If we could go to 2-CCC-12, please, at page 12.
6 What I would like to request here is a revenue
7 requirement version of this table. Is that something
8 the company can provide?
9 N. YEATES: I believe we have an undertaking for
10 that already.
11 L. GLUCK: If you do, that is fine. I thought I
12 was pushed here, but I am not sure. I asked this
13 question to Panel 2, I think, and...
14 D. COBAN: Mr. Gluck, why don't we take that
15 away at the break to confirm. If there is an
16 undertaking provided, we will do that. If not, we --
17 L. GLUCK: That is totally fine. Thank you.
18 Those are my questions. Thank you.
19 R. DHILLON: Thank you, Mr. Gluck.
20 Let's take a short break. The time is now 2:12.
21 We can return back at 2:25.
22 --- Recess taken at 2:12 p.m.
23 --- Upon resuming at 2:25 p.m.
24 R. DHILLON: Thank you. I will turn it over to
25 OEB Staff, Mr. Prazic.
26 D. COBAN: Ms. Dhillon, sorry, just one
27 preliminary matter that we consulted on at the break.
28 Mr. Gluck, you had asked for an undertaking to

1 do a revenue requirement of this table, and I believe
2 we did provide -- in JT-2.27, we took away an
3 undertaking to provide the revenue requirement of
4 options presented in this table. So I am hopeful
5 that that is sufficient for your purposes.
6 L. GLUCK: That is. Thank you.
7 R. DHILLON: Thank you, Ms. Coban.
8 **CROSS-EXAMINATION BY P. PRAZIC (OEB STAFF)**
9 P. PRAZIC: Good afternoon, Panel. My name is
10 Petar Prazic, senior advisor, OEB Staff.
11 Could we go to 6-Staff-212, please.
12 Specifically pages 4 to 5. And this question will
13 focus on other revenue.
14 So in its response to 1-Staff-1 -- and you don't
15 have to pull that one up -- specifically in regards
16 to updates to revenue requirement, Alectra indicated
17 it had increased total other revenue by 1.1 million
18 for each year from 2026 to 2031 due to the inclusion
19 of interest income and USoA 4405 interest in dividend
20 income from the as filed zero dollars for the
21 forecast period.
22 In the IR response on screen, 6-Staff-212,
23 Alectra indicated the 1.1 million interest income
24 should have been included as part of other revenue
25 for the forecast period.
26 So for clarification, does the original
27 exclusion of the 1.1 million interest income within
28 the as-filed other revenue represent an error in the

1 original application, or is it the updated amount in
2 appendix 2H? Does it represent a revision to
3 Alectra's methodology?
4 J. BONADIE: This was simply an oversight.
5 P. PRAZIC: Thank you.
6 Alectra indicated in Staff 212, so on pages --
7 you can see here, page 4 to 5, that it had
8 implemented a new cash management process in Q24,
9 2025 for account 4405. Could you please explain this
10 new process for Staff?
11 J. BONADIE: So the change in Q4 for the new
12 process, what we did was we limited the short-term
13 debt, CP borrowings in AUC to meet liquidity
14 requirements and stay within a $40 million cash
15 limit.
16 P. PRAZIC: Okay. Thank you.
17 I have a few questions about the subaccount
18 other interest within account 4405, and I am hoping
19 Alectra can help Staff better understand the
20 forecast. Could you please explain why Alectra has
21 forecasted no other interest revenue for 2026 to
22 2031?
23 J. BONADIE: Sorry. Can I ask for a
24 clarification? Can you restate that question?
25 P. PRAZIC: Could you explain why Alectra
26 forecasted zero dollars for the subaccount "other
27 interest revenue" for the forecast period 2026 to
28 2031, whereas in the historic period, there was

1 always an amount?
2 J. BONADIE: Sorry, you cut out. I can't hear.
3 P. PRAZIC: I am asking could you please explain
4 why there is no forecasted other interest revenue for
5 the purchase period. It has been simplified to 1.1
6 million.
7 J. BONADIE: Yeah. I am under the impression
8 that we adjusted appendix 2H to include a forecast of
9 1.1 million for all of the future years 2027 through
10 2031.
11 P. PRAZIC: So what Staff is trying to
12 understand is why is all of that -- why is the entire
13 amount, 1.1 million, contained in bank deposit
14 interest, whereas in previous years, there were
15 amounts in the subaccount "other interest income"?
16 J. BONADIE: We can undertake to provide that.
17 I don't know where you are looking at the detail with
18 respect to that.
19 P. PRAZIC: That would be in 2H.
20 J. BONADIE: 2H.
21 P. PRAZIC: Where account 4405 is made up of two
22 subaccounts.
23 J. BONADIE: Yeah, apologies that we didn't
24 segregate that, but we can undertake to provide that.
25 R. DHILLON: I will mark that as undertaking JT-
26 3.39.
27 P. PRAZIC: Thank you.
28 **UNDERTAKING JT-3.39: ADVISE WHY ALECTRA**

1 **FORECASTED ZERO DOLLARS FOR THE SUBACCOUNT**
2 **"OTHER INTEREST REVENUE" FOR THE FORECAST PERIOD**
3 **2026 TO 2031 WHEREAS THE HISTORIC PERIOD HAS**
4 **ALWAYS HAD AN AMOUNT**
5 P. PRAZIC: One more question. So from 2017 to
6 2025, average actual total interest and dividend
7 income is 2.2 million per year, almost precisely. It
8 is variably split between the subaccounts, as I
9 mentioned, bank deposit interest and other interest.
10 Is there a relationship between the forecasted
11 interest and dividend income in the forecast period,
12 so 2026 to 2031, at 1.1 million, which is more or
13 less precisely half of that, of what is the average
14 of the eight previous years?
15 J. BONADIE: As we provided in the response to
16 Board Staff-212, there was a change in mid-2023 which
17 impacted the way we were pre-borrowing for the IESO.
18 So that is what caused some of the higher interest
19 revenue from 2023 through 2025, and that is what led
20 to the change in process in Q4 of 2025.
21 P. PRAZIC: So there is no relationship between
22 the forecasted amount being precisely half of the
23 average of the previous eight years?
24 J. BONADIE: No.
25 P. PRAZIC: Okay. Thank you. That is it for
26 me.
27 **CROSS-EXAMINATION BY A. BERNARDO (OEB STAFF)**
28 A. BERNARDO: Good afternoon, Panel. Arlene

1 Bernado, OEB Staff.
2 For my first question, can we pull up 4-Staff-
3 198C, page 3. Okay. Thank you.
4 So in this response, Alectra stated that the 1.1
5 million increase in 2017 are due to Alectra Inc.
6 related costs. So if we please scroll up to the
7 table up -- further up. There. There. Thank you.
8 So Staff notes that, more or less, the
9 allocations percentage do not change from 2026 to
10 2027, but the dollar amounts slightly increase in
11 certain services such as digital innovation,
12 strategy, board of directors, people and
13 transformation.
14 So could you briefly explain if there are any
15 additional or new services that this business units
16 will provide in 2027 as compared to 2026?
17 N. FAN: So in the context of the Alectra's
18 shared services and the corporate cost allocation,
19 there is no additional new functions has been added
20 to those business units. Rather, those increases is
21 driven by the budget increase in 2027 as compared to
22 2026.
23 A. BERNARDO: Okay. So no additional services,
24 got it. Thank you.
25 N. FAN: That is correct.
26 A. BERNARDO: For my next question, can we
27 please pull up 4-Staff-165, attachment A. It is an
28 Excel sheet. Thank you.

1 So this is the updated appendix 2-JC with 2025
2 actuals broken down by segments. So under the
3 regulatory segment, under the corporate services for
4 2025, the actual of 2025 is 7.5 million, which is 1
5 million lower compared to the prefiled evidence of
6 8.5 million.
7 Could we please turn to Exhibit 4, tab 2,
8 schedule 3, page 10. Okay. Here, you can see for
9 2025 the prefiled evidence is 8.5 million.
10 So for my first question, could you please
11 explain the 1 million difference between the actual
12 and the forecast in 2025 for the segment?
13 N. YEATES: The difference is primarily due to
14 four items: lower consulting costs, lower direct
15 labour costs, lower OEB costs, and other costs, which
16 is primarily legal.
17 A. BERNARDO: Okay. So given the 2025 actuals,
18 an increase of 1.1 million is forecasted in 2026.
19 Can you please explain the drivers of this increase
20 in 2026 compared to 2025?
21 N. YEATES: So you are looking at the difference
22 between the 8.56 in 2026 and the 7.48 in 2025?
23 A. BERNARDO: Right. Yeah.
24 N. YEATES: So that difference is primarily due
25 to the same reason. So the regulatory business unit
26 is primarily comprised of direct labour costs, OEB
27 cost assessments, consulting, and legal fees. So the
28 changes year over year are typically driven by those

1 four drivers.
2 A. BERNARDO: Okay. I see. Thank you.
3 Thank you, Panel. That is all my questions for
4 today.
5 **CROSS-EXAMINATION BY P. SHEN (OEB STAFF)**
6 P. SHEN: Good afternoon, Panel. Pauline Shen,
7 OEB Staff.
8 So the first question is related is to the
9 depreciation study. Can you please turn to 2-Staff-
10 147, page 2. Yeah. Part A.
11 Alectra states:
12 "Implement a weighted average approach for the
13 harmonization of useful life is to preserve
14 total depreciation expense at a level
15 consistent with those prior to the alignment
16 exercise and mitigate any unfavourable outcomes
17 to customers or the utility."[as read]
18 So is Alectra aware the weighted average
19 approach decrease the depreciation rate of the asset?
20 E. GJEVORI: I can confirm that we used the
21 weighted average approach in order to mitigate the
22 financial impact to both the shareholder and to the
23 ratepayers.
24 We -- the weighted average approach looks at the
25 useful life of each legacy entity and weights it
26 based on the cost factor.
27 So I guess I cannot confirm that because the
28 whole purpose is to mitigate the financial impact.

1 P. SHEN: Okay. Could you please turn to
2 Exhibit B, 2B. Tab 3, schedule 1. I believe it is
3 table 2-3-3. Yes. So could you please turn a little
4 bit -- scroll down to the footnote 18.
5 So this footnote saying:
6 "These rates represent the weighted average
7 depreciation rates used by Alectra for all five
8 rate zones."[as read]
9 So if you scroll up a little bit, so these rates
10 means between 2019 to 2024.
11 So if by looking at these column compared to the
12 column 2017 and the 2018, it can see the rate is
13 slightly down, a little bit decreased.
14 So, here, the question just the Staff would like
15 to know, is Alectra aware the weighted average
16 approach which is implicated starting from January
17 2019 actually decreased the depreciation rates of the
18 assets?
19 E. GJEVORI: Let me clarify that. So for the
20 purpose of presenting this information, as you can
21 appreciate, we have grouped at the asset category
22 level. So for distribution station, you would have a
23 whole range of USoA accounts that would have
24 different useful lives.
25 So we presented here a range of between -- oh.
26 So for the purpose of this table, we presented a
27 range. So that includes various USoAs, which would
28 have different useful life.

1 So if you look at -- I would look at appendix
2 2BB which actually shows the detailed useful life at
3 the component level. It would show the useful lives
4 used before 2019 and the new useful lives that were
5 established after the componentization alignment.
6 So each legacy had different componentization
7 structure. We had to align them to the same
8 structure for 2019, which is showing in appendix 2BB.
9 If you go to the tab -- there should be two tabs
10 in there. So the first tab, it shows all legacies,
11 and that is where you are going to see the detailed
12 calculation.
13 P. SHEN: So does that mean the harmonization
14 implemented January 2019, which changed the
15 depreciation rate, doesn't impact any -- that have no
16 impact to the rate base, to the revenue requirement?
17 Is that -- is that correct?
18 E. GJEVORI: That is correct. The whole
19 weighted average approach was undertaken in order to
20 mitigate the financial impact and calculated
21 depreciation expense that would be close to the total
22 of depreciation expense of four legacies combined to
23 together.
24 P. SHEN: Okay. Is it possible, could Alectra
25 provide illustrative example of this harmonization
26 process, how you make component, how you merger the
27 different asset from legacy, and the -- I think
28 January 2019 is four legacy merged together to apply

1 this harmonization, right.
2 Is that possible Alectra can provide
3 illustrative example to demonstrate this
4 harmonization process?
5 E. GJEVORI: I believe we have provided that.
6 It was an attachment to -- actually, as a response to
7 2-Staff-142, attachment 5.
8 So here in the schedule, we provide the
9 reconciliation of how we move from ending balances of
10 2018 for each legacy into the opening balances of
11 Alectra. So the very last tab in there,
12 "components," I know it is a huge file, but it
13 actually shows for each legacy -- or for each
14 account, it shows how we move balances in order to
15 harmonize them at the same structure. And we have
16 also put notes in there for every change made to
17 bring them into the same basis.
18 P. SHEN: Okay. Thanks.
19 Just one small question related to this
20 depreciation rates. So based on the table 2-3-3, I
21 understand panel said before 2019 to 2024. This was
22 footnote 18. So based on the table shows, it is
23 different from the first column, which is between '17
24 and '18. Just want to confirm. So here, the rates
25 shows different, but Alectra confirmed it doesn't
26 have any impact to the revenue requirement and the
27 rate base calculation; is that correct?
28 E. GJEVORI: As I tried to explain, this is a

1 summary of many asset components, right. This
2 represents a range that has different -- different
3 cost balance for each of these accounts, right.
4 But if you look at appendix 2BB, you are going
5 to see that the weighted average that Alectra has
6 picked to -- to calculate depreciation expense at the
7 harmonized asset component level is a number that is
8 derived by using that weighted average approach.
9 So each legacy, they all picked a useful life
10 that is within the range of Kinectrics, right. For
11 each account, the useful life differs slightly. So
12 the new weighted average is a number within those
13 ranges. So legacy EnerSource might have a lower
14 useful life; legacy PowerStream might have had a
15 higher useful life. Alectra chose the weighted
16 average that -- it's a useful life between those
17 ranges.
18 P. SHEN: Thank you. Thank you, Panel.
19 My next question is related to the Exhibit 6,
20 which is a PILS tax return. Could you please turn to
21 6-Staff-206. Page 1, yes.
22 The first question is Alectra indicates 2025 tax
23 credits are not available until June 2026. Can
24 Alectra kind of provide the forecast amount for the
25 tax credit?
26 J. GRIBBON: Those amounts are difficult to
27 forecast, and that is why we haven't provided a
28 forecast at this point. Until we actually complete

1 the return, and we still have a couple of months to
2 do that, we won't have the precise numbers.
3 P. SHEN: So even --
4 J. GRIBBON: But we will -- we will update the
5 numbers if that is, you know -- when they are ready.
6 P. SHEN: So even the high-level range is not
7 possible? Maybe based on the historical trend?
8 J. GRIBBON: I can take that away. Obviously,
9 we considered that at the time of the IR, and it
10 wasn't something that we could do at that time --
11 P. SHEN: Yes.
12 J. GRIBBON: -- a couple of weeks ago. I don't
13 imagine the answer will be any different at this
14 point, but I will take that away as an undertaking.
15 P. SHEN: Thank you.
16 R. DHILLON: I will mark that as Undertaking JT-
17 3.40.
18 **UNDERTAKING JT-3.40: ADVISE WHETHER ALECTRA CAN**
19 **PROVIDE THE FORECAST AMOUNT FOR TAX CREDIT IN**
20 **RELATION TO 6-STAFF-206**
21 P. SHEN: So the next question is Alectra
22 provided a draft to, I think, T2 return. Can Alectra
23 confirm there is no impacts on the -- on this rate
24 application between the draft version T2 return and
25 then the final version, which will be eventually
26 filed with CRA?
27 J. GRIBBON: There will be updates to the
28 return. It is a draft at this point, and, like I

said, until we actually go through the process of finalizing the return, yeah, it is not final. So that is a draft at this point, and we would be happy to update that information in June when we finalize the return.

P. SHEN: Yeah, I -- Staff understand there will be -- for sure it is final, and the draft will be kind of variance or difference. The thing is, is that any impact related to this application, let's say, PILS, UCC, kind of tax credits, so anything related to this application PILS model; is that any impacts?

J. GRIBBON: To the extent that items change?

P. SHEN: Yeah, material change, is that --

J. GRIBBON: I -- I am not sure that it would -- it is a '25 return, so I don't know what the impact would be to future years of any potential changes to the return. But the final returns will be available in June.

P. SHEN: Okay. Thank you.

Next question is the same IR, which is 2-Staff-206. So could you please open attachment 2. 6 -- so it is 6-Staff-206, attachment 2. In the tab schedule 8, ALDC versus non -- yes. So could you please go -- scroll to right side -- right -- yes, so scroll down.

Okay. So in cell Q72, yes, so this was -- this was an amount to show on the attachment to 6-Staff-206. Could you please also open 6-Staff-207,

1 attachment 1. Could you please scroll to
2 "historical," which is H8, schedule 8. Yes. In cell
3 G45.
4 Yes, so these two amount is different, so could
5 you please explain the variance? Because these
6 represent 2025 UCC. Why these two attachment has
7 variance?
8 J. GRIBBON: Your question is very technical,
9 and I would take that away rather than do the math
10 right here.
11 P. SHEN: Thank you.
12 R. DHILLON: I will mark that as JT-3.41.
13 **UNDERTAKING JT-3.41: ADVISE WHY THE TWO**
14 **ATTACHMENTS IN 6-STAFF-206 AND 6-STAFF-207 HAVE**
15 **VARIANCE**
16 P. SHEN: Next question is about Exhibit 9, so
17 could you please turn to 9-Staff-243. Page 2. Okay.
18 Staff would like to confirm the following
19 understanding: First, Alectra applies each legacy
20 depreciation rate for the ICM true-up up to 2018 and
21 then changed to the harmonized rates effective from
22 January 2019; is it correct?
23 N. FAN: That is correct.
24 P. SHEN: Thank you.
25 Next question, the depreciation rates used in
26 ICM true-up for 2025 and the 2026 is based on
27 Alliance depreciation study; is it correct?
28 N. FAN: That is also correct.

1 P. SHEN: Thank you.
2 Could Alectra explain why it applies the new
3 depreciation study rates for 2025 and 2026 since the
4 -- based on the 2026 IRM position, which if you could
5 open the EB-2025-0055. Section 10, I think at page
6 32.
7 Yes, so in the funding -- fundings part, so
8 based on the funding, Alectra's request for approval
9 of proposed DVAs to track the impact of changes to
10 asset useful life and the direct labour
11 capitalization policy is denied. So here, the
12 question is why Alectra still applies new
13 depreciation study rates from '25 and '26 provided
14 the DVA was denied?
15 E. GJEVORI: As we have said in various
16 responses to the IRs, Alectra has implemented the new
17 useful lives effective January 1st, 2025, for its
18 IFRS reporting and for external financial statements.
19 We only have one fixed asset subledger, which is the
20 IFRS, and consistent with APH requirements, even for
21 regulatory reporting, we are -- in order to have
22 symmetry between IFRS and modified IFRS reporting, we
23 are using the same basis. For the same reason, all
24 the ICMs use the depreciation that is consistent with
25 IFRS.
26 P. SHEN: Okay. Thank you.
27 So next question, can Alectra quantify the
28 impact, for -- for example, revenue requirement, CCA,

1 if the depreciation rates used in the ICM true-up are
2 based on the rates prior to the depreciation study,
3 which is done recently?
4 N. FAN: Sorry. Can you repeat your question?
5 Sorry. I didn't understand it fully.
6 P. SHEN: Sure, sure.
7 So the question is can Alectra quantify the
8 impact, for example, revenue requirement, CCA, if the
9 depreciation rates used for the ICM true-up
10 calculation are based on the rates prior to the
11 depreciation study, which is the Alliance study. I
12 mean, you use the legacy rates assuming the study was
13 not happening?
14 N. FAN: I think we can do that. But from my
15 understanding, that impact will be very immaterial.
16 P. SHEN: Yeah, if possible, could just quantify
17 the amount.
18 N. FAN: Yes, we can.
19 P. SHEN: Thank you so much. Thank you.
20 R. DHILLON: I will mark that as Undertaking JT-
21 3.42.
22 **UNDERTAKING JT-3.42: QUANTIFY THE IMPACT OF**
23 **REVENUE REQUIREMENT, CCA, IF THE DEPRECIATION**
24 **RATES USED IN THE ICM TRUE-UP ARE BASED ON THE**
25 **RATES PRIOR TO THE DEPRECIATION STUDY**
26 P. SHEN: The next question is Alectra states
27 there is no change have been made to the -- I think
28 it is the same IR, 9-Staff-243, if you can turn back.

1 Yeah, so page 2. Yes.
2 So Alectra states there is no change have been
3 made to the depreciation rates for the MIST meter
4 revenue requirement models. Can Alectra clarify what
5 depreciation rates are used for the MIST meter for
6 the following three period?
7 So first period is what rate was used for 2017
8 to 2018?
9 N. FAN: So if we can open the ICM true-up model
10 for maybe EnerSource rate zone. Maybe open the 2018
11 -- sorry. Your question is the MIST meter; right?
12 P. SHEN: Yeah, MIST meter.
13 N. FAN: Sorry.
14 P. SHEN: So if we can open the MIST meter true-
15 up model for EnerSource rate zone.
16 N. FAN: If you go to maybe the second tab.
17 Sorry. It is at tab 1, cost of service parameters.
18 If you go to Account 1860, you will see the
19 depreciation rates used for this account.
20 P. SHEN: 18 --
21 N. FAN: 1860.
22 P. SHEN: Oh, okay. So you mean account?
23 N. FAN: USoA account.
24 P. SHEN: Okay. Okay. Thank you.
25 So can I ask, then, these rates is also -- if
26 you go back to the Exhibit 2B, tab 3. Yes. So is
27 that -- can I -- can Staff understand the rates used
28 for the MIST meter is also based on this table for

1 each time period.
2 E. GJEVORI: As I said, this table is a summary
3 of accounts, so if I will take you to, actually,
4 appendix 2BB, the smart meters is actually one of the
5 categories that was consistent. The useful life was
6 consistent among all legacies.
7 But if you could pull appendix 2BB. And if we
8 go scroll down to the meters account, 1860. So it
9 depends on the meter category, but for -- for the
10 smart meters, you would see the rate used by each
11 legacy was 15.
12 So if you move to the next appendix, which is
13 '19 to '24, for these meters, we also used 15 years.
14 If you look at the next appendix, '25 to 2031,
15 these meters also use the useful life of 15 years.
16 P. SHEN: Okay.
17 So does that mean -- because Staff understanding
18 is between 2017 to 2018, it is based on each legacy
19 original rate. Start from 2019 to 2024 because
20 Alectra applies -- amortizes the process there
21 slightly, you know, because merger. And then start
22 from '25, Alectra had the new study -- new
23 depreciation study, so it is, like, three periods to
24 apply to the MIST meter revenue requirement can -- is
25 that correct?
26 E. GJEVORI: Yeah, so if each legacy had a
27 useful life of 15, the weighted average approach
28 would still give you the same useful life of 15, and

1 based on the alliance study, these meters are still
2 15 years; therefore, we use the same consistent 15
3 years for all the periods.
4 P. SHEN: So according -- just according to
5 timeline, which is '17 to '18 is one period, '19 to -
6 -
7 E. GJEVORI: Yes.
8 P. SHEN: Okay. Thank you. Thank you.
9 Next question, 9 -- can you turn back to 9-
10 Staff-243, page 3. So Alectra -- can Alectra clarify
11 the true-up process which is proposing for group 2
12 DVAs?
13 N. FAN: So the current group 2 DVA schedule for
14 the 2026 transactions is based on the 2026 forecast.
15 So Alectra is proposing a true-up process for its
16 2026 group 2 DVAs, and we are proposing any variances
17 between the approved forecast 2026 group 2 DVA and
18 the actual group 2 DVAs to be recorded in account
19 1595 to be reviewed for in-the-future proceedings.
20 P. SHEN: Okay. Thank you.
21 So next question is can Alectra explain why
22 group 2 DVAs are eligible for true-up if the forecast
23 amount has been already included in the rate term?
24 N. FAN: So this proposal is on the basis to
25 consider any material changes. When we look at the
26 2026 actual balances as compared to the forecasted
27 balances, based on our past experience, for certain
28 group 2 accounts, the utilities may experience some

1 material differences year over year. That is the
2 basis for our proposal.
3 P. SHEN: Thank you.
4 So next question is can Alectra provide any
5 present cases that OEB approved group 2 DVAs true-up
6 in the cost of service proceeding and the -- also
7 provide a related EB number, if possible?
8 D. COBAN: Ms. Bernardo, sorry. I am not sure
9 that that is necessarily an appropriate request. I
10 mean, I think the witness has spoken about the
11 rationale for the proposal. You know, we have taken
12 a lot of undertakings over the course of the last
13 couple of days. So I guess I am just questioning
14 whether it is relevant for us to go and do the kind
15 of research you are looking for. I certainly expect
16 that Staff would have access to all those decisions
17 and would be able to do that kind of research.
18 P. SHEN: The reason Staff asking is normally
19 group 2 account is disposed in the cost of service
20 proceeding. We have the forecast amount included in
21 the ending balance, so will be -- usually will be
22 final disposed. Staff just want to see is Alectra
23 aware any present cases with utility OEB approved,
24 any group 2 DVAs true-up in the cost of service
25 proceeding, if it is okay?
26 D. COBAN: So here is what we will do: We will
27 answer the question on the basis of whether we are
28 aware of anything, but we are not able to undertake a

1 request to do that research for you at this time.
2 P. SHEN: Okay.
3 So next question is --
4 R. DHILLON: Sorry. I am just going to mark
5 that as an undertaking, which is Undertaking JT-3.43.
6 **UNDERTAKING JT-3.43: ADVISE WHETHER ALECTRA IS**
7 **AWARE OF ANY CASES WHERE THE OEB APPROVED GROUP**
8 **2 DVA TRUE-UPS IN A COST OF SERVICE PROCEEDING**
9 P. SHEN: Next question. Ms. Fan, you just
10 mentioned this true-up will be recorded in Account
11 1595 for the future proceeding for disposition
12 purpose. So can Alectra clarify which year 1595 will
13 be used to record the true-up amounts for group 2?
14 Is that 2027, 1595?
15 N. FAN: We are proposing using the 2027 year
16 end balances to capture any material differences.
17 P. SHEN: Thank you.
18 So the next question is since, Ms. Fan, you
19 mentioned before where this 1595 will be dealt with
20 in the future proceeding, can Alectra clarify which
21 future proceeding it is referring to for reviewing
22 this group 2 true-up? Which-- let's say which IRM
23 application.
24 N. YEATES: It will be the 2028 annual update.
25 P. SHEN: 2028. So in 2028 IRM application,
26 Alectra will bring all the group 2 account which is
27 proposing to apply true-up in this proceeding and the
28 final disposition?

1 N. YEATES: What we will do is we will identify
2 whether there was a significant or material change in
3 a group 2 balance that we forecasted in this
4 proceeding, and at that time, we will provide, like,
5 our recommended approach to the true-up.
6 P. SHEN: Okay. So does that mean if the
7 account doesn't have material change, it will not be
8 brought up in 2028 IRM?
9 N. YEATES: That is correct.
10 P. SHEN: Thank you.
11 Next question, can Alectra undertake, please, to
12 provide a table, list all the group 2 accounts, and
13 specify for each account, number 1, continue or
14 discontinue; number 2, final disposition or interim
15 disposition; number 3, reason for true-up, such as
16 indicating the reason for each account of why this
17 account should be true-up.
18 N. FAN: Yes, we can provide that.
19 P. SHEN: Thank you.
20 R. DHILLON: I will mark that as Undertaking JT-
21 3.44.
22 **UNDERTAKING JT-3.44: PROVIDE A TABLE LISTING**
23 **ALL THE GROUP 2 ACCOUNTS AND SPECIFY FOR EACH**
24 **ACCOUNT WHETHER IT WILL CONTINUE OR DISCONTINUE,**
25 **THE FINAL DISPOSITION OR INTERIM DISPOSITION,**
26 **AND THE REASON FOR THE TRUE-UP**
27 P. SHEN: Next question. Could you please turn
28 to 9-Staff-248, attachment 1, which is the BRZ

1 continuity schedule. Tab 2A -- or 2B, sorry.
2 In cell EE92. 92. A bit -- yes.
3 So Staff notes there is no principal project
4 transaction amount recorded in 2026 in the IRM
5 account, and compared with the rest of the rate zone,
6 they all have the project transaction. So I just
7 want to clarify, is that -- is this amount is missing
8 for BRZ?
9 N. FAN: Can I see what year this is?
10 P. SHEN: '26. 2026.
11 N. FAN: Actually, we also noticed that the
12 amount under the 1.5 million was inadvertently
13 entered in the wrong column after this submission be
14 filed as part of the IR. That 1.5 million should be
15 entered under column EE92.
16 P. SHEN: How about the rest rate zone? If you
17 open any other -- let's say PRZ. Go to 2026. I
18 think it is -- go maybe a little bit left. Scroll to
19 the left. More left. Yes, scroll down. Row 96.
20 So you can see here all the rest four rate
21 zones, they all have the projected transaction and
22 the principal adjustment for 2026.
23 N. FAN: Sorry. Just want to clarify, for the
24 BRZ, so the -- for Brampton rate zone, the 1.5
25 million should be entered in both columns.
26 P. SHEN: Okay. So -- okay. Does that mean
27 each rate zone for 2026, they will have both
28 principal project transaction and the principal

1 adjustment in both columns? Is that correct?
2 N. FAN: That is correct.
3 P. SHEN: Okay. So could Alectra undertake
4 this, to update the BRZ continuity?
5 N. FAN: Yes, we can.
6 P. SHEN: Thank you.
7 R. DHILLON: I will mark that as Undertaking JT-
8 3.45.
9 **UNDERTAKING JT-3.45: PROVIDE AN UPDATE TO THE**
10 **BRZ CONTINUITY**
11 P. SHEN: So the next question is -- go to the
12 same IR response, which is 9-Staff-248. Page 3.
13 For the -- yeah, the -- so here, Staff notes
14 Alectra still use the study rate for 2025 and 2026
15 since the -- based on the 2026 IRM depreciation, the
16 DVA was denied, was not approved. So the starting
17 rate hasn't been approved by the OEB to be used from
18 2025 based on the '26 IRM depreciation. Is it
19 correct?
20 E. GJEVORI: OEB, yes, denied the deferral
21 account, but that decision did not preclude or
22 override Alectra's financial and regulatory reporting
23 requirement to continue to use IFRS as described by
24 APH as well.
25 So same answer as before, we used the same
26 useful lives and depreciation calculation as in our
27 IFRS financial statements.
28 P. SHEN: So here just to clarify, this

1 2025/2026 depreciation rates is based on the IFRS
2 standards Alectra applied; however, OEB hasn't
3 approved to use these new study rates. Is that
4 correct?
5 D. COBAN: I think we might be getting into a
6 matter of interpretation of a decision, so I just
7 want to be careful about that. I think, you know,
8 the witnesses have addressed that the way that the
9 useful life change has been implemented is consistent
10 with IFRS and that, you know, the Board's decision
11 commented on the deferral and variance account.
12 So I am just cautious about us kind of getting
13 into a matter of argument here in terms of the
14 interpretation of the decision.
15 P. SHEN: Thank you.
16 Okay. So next question. Could you please turn
17 to 9-Staff-250, attachment 2 and attachment 3, Excel.
18 Could you please turn to sheet 9, tab 9 for both
19 Excel. Could you please also open the ERZ continuity
20 schedule which is attachment 1.
21 So here, Staff notes for the row -- for the
22 attachment 2 and 3, both Excel, in tab 9, row 31,
23 this net deferred revenue requirement for each year
24 doesn't reconcile with ERZ continuity schedule.
25 For example, in attachment 2 for 2018 -- if you
26 can open attachment 2, yeah, for 2018. Here shows is
27 credit 118.
28 If you go to the ERZ continuity schedule, for

1 the same project -- I believe is leaking transformer
2 overhead in row -- yeah. If you go to 2018, if you
3 add up the transaction and the "interest," which is
4 column BX, and the column CC, these two amounts, if
5 you add up, so it shows credit 114; however, the
6 Excel model shows credit 118,000. So is that
7 possible Alectra can undertake to reconcile?
8 N. FAN: Yes, we can take that.
9 P. SHEN: Sure. So just to -- just to want to -
10 - it is attachment 2, which is 2018 leaking
11 transformer overhead, attachment 3, leaking
12 transformer pad mount, reconcile to ERZ continuity
13 schedule.
14 R. DHILLON: I will mark that as Undertaking JT-
15 3.46.
16 P. SHEN: Thank you.
17 **UNDERTAKING JT-3.46: RECONCILE 9-STAFF-250**
18 **ATTACHMENT 2 AND ATTACHMENT 3 WITH THE ERZ**
19 **CONTINUITY SCHEDULE**
20 P. SHEN: Next question. Could you please turn
21 to 9-Staff-254, page 3.
22 So here, Alectra is proposing to dispose over
23 one-year term instead of over average employee
24 remaining service life, service years, per the
25 settlement agreement which is EB -- if you have the
26 settlement agreement handy, which is EB- -- issue
27 5.2. Scroll down. Next -- I think is the top of
28 next page. Yes. So thank you.

1 So based on the settlement way back, this EB
2 number, PowerStream Inc., so it says it will be
3 disposed based on the average employee remaining
4 service years.
5 So here, Staff just want to confirm Alectra's
6 proposal to dispose one year, which is -- is not
7 based on the settlement which was agreed in the -- in
8 that proceeding. Is that correct?
9 N. FAN: That is correct.
10 P. SHEN: Thank you.
11 Next question. Could you please turn to 9-
12 Staff-266, page 2, attachment 1, Excel. In this
13 Excel -- if you scroll down a bit.
14 Okay. So in this Excel, in row 44, we can see
15 the Account 1533, RGCRP variance reconciliation for
16 PRZ; however, the HRZ breakdown is missing here. So
17 Staff wonder can Alectra provide HRZ breakdown also?
18 Because this IR is related to both PRZ and HRZ.
19 N. FAN: We can consider to taking that, but
20 recognize each rate zone may have a different
21 treatment in terms of how this account being
22 recorded. We can take that as an undertaking to
23 consider if that calculation can be provided.
24 P. SHEN: Thank you.
25 R. DHILLON: I will mark that as Undertaking JT-
26 3.47.
27 **UNDERTAKING JT-3.47: PROVIDE THE HRZ BREAKDOWN**
28 **FOR 9-STAFF-266, PAGE 2, ATTACHMENT 1, ROW 44,**

1 **ACCOUNT 1533, RGCRP VARIANCE RECONCILIATION FOR**
2 **PRZ**
3 P. SHEN: Next question. Could you please turn
4 to 9-Staff-268, page 2.
5 So here, just I have a couple clarification
6 questions.
7 So first question. For those group 2 accounts
8 which will not be disposed on a final basis in this
9 proceeding, does it mean they will be disposed of on
10 an interim basis in this proceeding?
11 N. YEATES: I believe we took an undertaking to
12 provide a table that list he group 2 accounts, the
13 accounts that we are going to continue, discontinue,
14 and so as part of that undertaking, we can --
15 P. SHEN: Yeah, if you can add it, because these
16 accounts were not mentioned in the evidence. This
17 was Staff picked up the accounts never mentioned the
18 evidence. So this is the reason why we have the two
19 separate IRs and the list specific this account.
20 Because it was never mentioned in the evidence
21 narrative.
22 N. YEATES: I just want to clarify, which
23 account are you referring to?
24 P. SHEN: All the accounts which is in 9-Staff-
25 268. If you can include these account in the table
26 we undertaked before, that would be helpful.
27 N. YEATES: So my understanding is that that
28 undertaking is essentially a -- like, an extension of

1 this table. So this table has the list of group two
2 accounts that were going to continue and discontinue,
3 and then that undertaking was to provide some
4 additional information with respect to, like, the
5 forecast --
6 P. SHEN: Okay.
7 N. YEATES: -- balances.
8 P. SHEN: Okay. That is fair. So just to -- if
9 possible, just to include all the accounts listed in
10 this IR will be -- will be good.
11 N. YEATES: Right. It would align with this
12 table --
13 P. SHEN: Okay.
14 N. YEATES: -- in 9-Staff-268.
15 P. SHEN: Thank you. So --
16 R. DHILLON: Sorry, Ms. Shen, for clarification,
17 are we adding anything to undertaking JT-3.44?
18 P. SHEN: I think the previous undertaking which
19 ask Alectra provide the updated group 2 account
20 specified discontinue or discontinue, this
21 undertaking.
22 R. DHILLON: Thank you.
23 P. SHEN: Thank you.
24 Okay. So the last question, what is here, is
25 could you please turn to -- there is three reference.
26 So first is 4-Staff-173. Page 2 and 3. Part C, yes.
27 So here, Alectra confirms the 3.1 million is an
28 historic amount built into the rates, which brings

1 the total 2027 OEB assessment fee to 6.7 million.
2 The 2027 OEB assessment fee are based on the 2025
3 forecast amount escalate annually by 2 percent.
4 So the next reference, could you please open 4-
5 VECC-50, page 2.
6 So here in the row "OEB annual assessment," can
7 Alectra confirm whether this OEB assessment cost,
8 which is in this table, represents actual cost?
9 N. FAN: So we confirm for the OEB annual
10 assessment costs included in this table from 2017 to
11 2026 represent the OEB approved -- OEB approved
12 annual assessment fee embedded in the legacy rates.
13 P. SHEN: Okay. So just to clarify, this is --
14 represent the OEB -- the approved amounts embedded in
15 the rates? Is that correct?
16 N. FAN: I think for the most of -- majority of
17 the balances, they should match. For certain years,
18 we need to double check to ensure they -- to confirm
19 if they are exactly matching.
20 P. SHEN: Oh. Okay. Okay.
21 N. FAN: But the amount in rates for Alectra is
22 around 3 million for the OEB cost assessment.
23 P. SHEN: 3.1 million embedded in rates. Right?
24 N. FAN: Approximately.
25 P. SHEN: So here, we can see '17, '18, up until
26 '21, seems it was not 3.1 million. '24 --
27 N. FAN: As I mentioned it, when we look at how
28 this table being populated, in order to confirm

1 exactly the amount, we probably have to take a look
2 into what has been incorporated in this table.
3 P. SHEN: Okay. So OEB assessment cost in this
4 table 1, which is VECC -- 4-VECC-50, represent the
5 amount embedded in rates. Correct?
6 N. FAN: That is correct.
7 P. SHEN: Okay. Thank you.
8 Could you please also open Exhibit 9, tab 3,
9 schedule 3, page 3, table 9-3-3. So I just want to
10 clarify, this table 9-3-3, can this table reconcile
11 to 4-VECC-50, table 1?
12 N. FAN: I don't have that level of granularity
13 in front of me for this kind of reconciliation.
14 P. SHEN: Because this table also shows amounts
15 in rates, so just wonder if the -- we just open the
16 table in 4-VECC-50, said it is represent -- yes, so
17 is that possible, reconcile these two table for the
18 OEB annual assessment?
19 N. FAN: Yes. We can take it as an undertaking.
20 P. SHEN: Okay.
21 R. DHILLON: I will mark that as Undertaking JT-
22 3.48.
23 **UNDERTAKING JT-3.48: RECONCILE TABLE 9-3-3 IN**
24 **EXHIBIT 9 WITH THE TABLE IN 4-VECC-50 FOR THE**
25 **OEB ANNUAL ASSESSMENT**
26 P. SHEN: I think that is all my questions.
27 Thanks, Panel.
28 **CROSS-EXAMINATION BY L. ZHANG (OEB STAFF)**

1 L. ZHANG: Good afternoon, Panel. My name is
2 Lizzie Zhang, OEB Staff, and I will be asking a
3 couple of questions on cost of capital today.
4 So if we can pull out 5-Staff-205, part D, page
5 2, lines 7 to 11. So this question asked whether any
6 issuance costs are levied on short-term debts, and
7 Alectra states in this IR response that there are
8 dealer fees levied on the issuance of the commercial
9 paper.
10 So could you confirm that there is only dollar
11 fees levied on short-term debts and no other issuance
12 costs levied on short-term debts.
13 J. BONADIE: So there is two issuance fees that
14 are included in the short-term debt, the dealer fee
15 and a rating agency fee.
16 L. ZHANG: Okay. Thank you.
17 If we can go to 5-Staff-200, part C, and page 2
18 in the bottom, line 22, is there any dealer fees
19 levied on long-term debts as well, and I noticed
20 there were agency fees included as part of the
21 issuance cost. Are they the same as dealer fees? If
22 not, what is the difference?
23 J. BONADIE: So in that response, if you look
24 below on row 21, it details out the fees that are
25 included, and it describes the type of fees. To
26 answer your question, the dealer fees is the -- it's
27 the same as the agency fees.
28 L. ZHANG: Thank you.

1 So under the same IR response, if we move to
2 page 1, line 31, Alectra relied on the actual
3 invoices from the last actual long-term debt issuance
4 to determine that all of the fees were variable, and
5 these variable fees were either based on a percentage
6 of the total issuance or hours of effort required to
7 support the issuance.
8 Could you elaborate on how each type of variable
9 fee including agency fees, credit agency fees, legal
10 fees, and security filing fee is calculated?
11 Specifically, how is it determined, whether a
12 percentage of the total issuance or an hourly effort
13 is used to calculate each type of variable fee?
14 J. BONADIE: So, again, on that same line that I
15 just referenced, if we move down to the description
16 of the fees on row 21, I think it is page 2. So they
17 are detailed out there, like, agency fees, and it
18 tells you that it is based on a percentage of the
19 amount of debt issued.
20 Similarly, if we scroll down, credit fees
21 support the issuing of long-term credit ratings, and
22 they are a percentage of the amount of debt issued.
23 And legal and external audit fees, they are based on
24 hours of effort.
25 L. ZHANG: Thank you.
26 My last question. If we can go to 5-VECC-61.
27 Page 2, line 25 to 27.
28 So you stated here:

1 "The finance and treasury costs detailed in
2 Exhibit 4, tab 2, relate to maintaining a
3 treasury department, bank fees for payment
4 services, retaining a credit score to enable
5 future borrowing, and costs associated with the
6 short-term credit facility."[as read]
7 Could you explain why the cost associated with a
8 short-term credit facility are classified under
9 treasury -- finance and treasury rather than as
10 issuance or dealer cost of the short-term debts?
11 J. BONADIE: I would just answer that by
12 suggesting that, you know, we follow the IFRS rules
13 in accounting, and so some of the costs are allowed
14 to be deferred and included as part of the interest.
15 The issuance itself and other costs that we have
16 identified there are not, and they are included in
17 OM&A.
18 L. ZHANG: Okay. Thank you.
19 That is all my questions.
20 R. DHILLON: Thank you, Ms. Zhang.
21 I will turn it over to Mr. Andrew Frank, who is
22 joining us virtually.
23 **CROSS-EXAMINATION BY A. FRANK (OEB STAFF)**
24 A. FRANK: Thank you. Yes, this is Andrew Frank
25 speaking.
26 I would like to start off with 7-Staff-233. In
27 this interrogatory, Alectra is proposing updated load
28 profiles based on a historic average methodology, and

1 it is based on an average of 2021 to 2024. And in
2 response to the interrogatory, Alectra states that
3 the historic average methodology has been used by
4 several utilities, and it references a settlement
5 proposal for Tilsonberg's 2024 cost of service
6 proceeding where the historic average methodology was
7 used.
8 OEB Staff notes that the regression
9 methodologies have also been used in recent
10 proceedings including Toronto Hydro's 2025 custom IR,
11 that is EB-2023-0195, and Hydro Ottawa's 2026 custom
12 IR, that is EB-2024-0115. The filing requirements
13 permit both regression and historic average
14 methodologies, but where historic average methodology
15 is used, a preference is expressed for five years of
16 historic data rather than the four years of historic
17 data proposed by Alectra.
18 And the question is since both methodologies are
19 in current usage, can you please explain the
20 preference for historic average over regression?
21 V. QUENVILLE: We chose historical average, and
22 four-year term was not really a choice, given five
23 utilities amalgamated getting hourly data for five
24 predecessor utilities on the rate zone level was a
25 quite substantial exercise, and that is really the
26 best we could do in terms of data availability, four
27 years, which was subsequently scaled up to 2027
28 actuals.

1 A. FRANK: Okay. Thank you.
2 Moving on to 8-Staff-236. Alectra is proposing
3 to keep the large use with dedicated -- sorry -- with
4 dedicated assets rate class for customers currently
5 in the horizon rate zone that currently qualify for
6 this rate class.
7 In the interrogatory response, Alectra
8 acknowledged that the rate as described in the tariff
9 would be applicable to some other customers, but it
10 is not proposing to offer the rate to those
11 customers, and I think the explanation is that it is
12 due to difficulty in identifying or valuing the
13 assets needed and, therefore, to actually
14 mechanically come out with an applicable rate and due
15 to the desire to maintain rate stability for the rate
16 class.
17 So I -- what I would like to understand is what
18 the tariff would state to make it exclusive to the
19 legacy horizon customers and what Alectra would
20 propose to do if other customers seek to join the
21 rate class?
22 V. QUENVILLE: In terms of a tariff description,
23 we envision it would be something to the extent the
24 customer has to be large-used dedicated assets
25 customer as of January 1st, 2026, that would have a
26 clarification, a tariff, for a class description.
27 In terms of additional customers added to this
28 class, maybe we go back. Why does -- we can only

1 maintain six customers in this class and not
2 proposing to add more. It is because of specific
3 connection infrastructure for those customers. They
4 serve exclusively by dedicated assets and service
5 from Hydro One transformer stations, and there is
6 risk of those customers leaving Alectra rate zone,
7 creating stranded assets and significant rate
8 instability for other customers.
9 A. FRANK: I see. Thank you.
10 So on 8-Staff-238, this was asking about gross
11 load billing for distribution charges applicable to
12 load displacement generation. And I think through
13 this question, you know, it's -- it was apparent that
14 several of these customers are required to pay RTSRs
15 based on gross load billing.
16 And my understanding on that is that, you know,
17 a certain metering arrangement is required to perform
18 the gross load billing calculation and that going
19 forward, Alectra is proposing all distribution
20 charges for a new -- new standby -- new distribution
21 customers requiring a standby distribution service
22 would be charged based on a contracted capacity
23 methodology while customers currently paying for
24 standby based on a gross load billing methodology
25 would be permitted to stay on that methodology.
26 So I guess what I am trying to understand is if
27 a customer required -- you know, if there were a new
28 load displacement generation facility installed at a

1 customer and that necessitated the customer to pay
2 RTSRs -- sorry -- RTSRs based on gross load bill and,
3 therefore, necessitated a certain metering
4 arrangement that facilitates gross load billing,
5 would gross load billing then be available as an
6 option for distribution standby, or would they be on
7 contracted capacity?
8 V. QUENVILLE: So both methods, gross load
9 billing and standby charge, are for the recovery of
10 fixed cost.
11 The second side of it in terms of recovering
12 transmission connection, yes, those customers who are
13 above the threshold 1MG and 2MGs for renewable, they
14 would have to be on gross load billing so we can
15 apply recovery of retail -- retail transmission
16 connection cost. Customers who are below this
17 threshold, if they have a current metering
18 infrastructure in place, they could choose to remain
19 on gross load billing or go with gross load billing;
20 if not, we will not require a specific metering
21 infrastructure to be installed, and they could choose
22 a contract demand method.
23 A. FRANK: Oh, I see.
24 So just so I understand, it is the customers
25 over a -- over the threshold would then be on gross
26 load billing for both RTSRs and for standby, and
27 those under the threshold have the choice but only if
28 they are willing to have the metering arrangement

1 installed; is that correct?
2 V. QUENVILLE: Below the threshold, they will
3 have the choice if they have, yes, metering
4 infrastructure in place to measure gross load output.
5 A. FRANK: Okay. Thank you.
6 And I guess related to that, I am just
7 struggling to find where it is coded. So where is it
8 coded that customers must pay a gross load billing
9 for their RTSRs?
10 V. QUENVILLE: Alectra Utilities is required to
11 pay gross load billing to Hydro One. If we are not
12 going to recover this transmission cost from those
13 customers, it will be passed through to all
14 ratepayers.
15 A. FRANK: Okay.
16 So is -- is that coded in a -- in the -- on the
17 tariff, on the condition of service? Where would I
18 find that Alectra is passing these charges through?
19 V. QUENVILLE: We will undertake to confirm the
20 source.
21 A. FRANK: Okay. Thank you.
22 R. DHILLON: I will mark that as Undertaking JT-
23 3.49.
24 **UNDERTAKING JT-3.49: CONFIRM WHERE IT IS CODED**
25 **THAT CUSTOMERS MUST PAY A GROSS LOAD BILLING FOR**
26 **THEIR RTSRS**
27 A. FRANK: Okay.
28 For my final question, can you please bring up

1 the response to 8-Staff-240. There is a table, I
2 believe. Yeah, that one. I am not sure exactly how
3 legible it is.
4 But I noticed that there is material growth in a
5 volume of several specific service charges. In
6 particular, there is growth in the
7 disconnect/reconnect charge, particularly at the
8 pole. And I guess I am wondering what is driving
9 that. I think we will see that under the -- under
10 the section "other."
11 M. LISTER: Right. So a couple of things:
12 First, the forecast is consistent with the
13 historical. I think it is 4-AMPCO-67 which shows the
14 total disconnect/reconnect history and forecast.
15 Sitting here now, I don't have the information
16 available as to each of the particulars, that is
17 whether it is at meter or at the pole. We could
18 undertake to examine that or have that provided to
19 you.
20 But 4-AMPCO-67, which is being brought up now,
21 shows the -- if you scroll down a little further,
22 there it is -- 2021 to 2025, the total
23 disconnect/reconnect requests and then the forecast
24 beyond that, which is around -- it is in the same
25 ballpark.
26 A. FRANK: Okay. Thank you.
27 Those are my questions.
28 R. DHILLON: Thank you, Mr. Frank.

1 We will take a quick break. The time is 3:58.
2 We will return back at 4:15. Thank you.
3 --- Recess taken at 3:59 p.m.
4 --- Upon resuming at 4:12 p.m.
5 R. DHILLON: Welcome back, everyone. Next, we
6 have Ms. Narisa Jotiban.
7 Over to you, Ms. Jotiban.
8 **CROSS-EXAMINATION BY N. JOTIBAN (OEB STAFF)**
9 N. JOTIBAN: Thank you. Hi, Panel. I have a
10 few questions, mostly on the rates framework.
11 So my first question, and you don't need to pull
12 up the evidence, pretty much is on -- I have one on
13 Alectra's custom IR framework proposal in Exhibit 1.
14 I would like to ask for clarifications since there
15 seems to be a few portions of a standard custom IR
16 framework that Alectra did not discuss in its
17 application.
18 My first question is could you please confirm
19 whether Alectra is or is not proposing to be eligible
20 for ICMs as part of this custom IR framework?
21 N. YEATES: As part of the custom IR framework,
22 Alectra will not be eligible for ICM funding,
23 consistent with the OEB's handbook, with respect to
24 utilities that avail themselves of the custom IR rate
25 setting method.
26 N. JOTIBAN: Thank you for the clarification.
27 My second question, what provision for the Z
28 factor and off ramp is Alectra proposing as part of

1 this custom IR framework?
2 N. YEATES: With respect to the Z factor and off
3 ramps, it would be consistent with the OEB standard
4 approach with respect to those two elements.
5 N. JOTIBAN: Thank you for the confirmation.
6 My next question. Could you please pull up IR -
7 - the IR response to 1-Staff-17, part B, page 2.
8 Thank you.
9 In this response, Clearspring noted that the
10 updated forecast for IPD is reduced from 0.6 --
11 sorry, 0.36 percent to 0.24 percent as shown in table
12 1.
13 Is Alectra proposing to revise its custom IR
14 framework proposal to address the change in the IPD
15 from 0.36 percent to 0.24 percent due to the updated
16 forecast?
17 N. YEATES: Alectra is not proposing to update
18 the IPD as proposed. As provided in the response on
19 page 2, the IPD figure could be sensitive to any
20 potential impacts of forecast updates whether it can
21 go up, alternatively, it can go down. So at this
22 time, we are proposing to maintain the IPD amount of
23 0.36 percent that we included in the prefiled
24 evidence.
25 N. JOTIBAN: And that would not change until
26 later on if you have, like, the most updated
27 available information that results in another, like,
28 updated figure for IPD?

1 N. YEATES: At this point, we are not proposing
2 any changes to the IPD.
3 N. JOTIBAN: Okay. Thank you for your response.
4 Next one. Could you please pull out the IR
5 response to 1-Staff-24, please, page 1.
6 In this response -- well, the question here,
7 Staff asked Alectra to run a scenario using a K-bar
8 approach, which is a revenue requirement cap where
9 the capital portion depends in part on a utility's
10 recent historical gross plant additions instead of
11 forecasted additions.
12 Please go to page 4. Here on this page, Alectra
13 stated in the response to Staff request for this K-
14 bar run that it was more appropriate to build on the
15 OEB's prior success in CIR.
16 My first question, could you please explain how
17 you define success in this context, and what is the
18 basis for Alectra determining that CIR has been
19 successful?
20 N. YEATES: I would start by stating that the
21 OEB has adjudicated a number of custom IR proceedings
22 for a number of utilities in the industry. And so
23 have -- the OEB has a lot of experience to date with
24 custom IR frameworks.
25 With respect to the proposed K-bar approach in
26 the evidence -- in the -- sorry, in the IR, what I
27 would say is that, you know, that would be a
28 fundamental shift to the rate making approaches

1 currently approved by the OEB. And so our proposal
2 in this application uses one of the OEB's three rate
3 setting methods, specifically the custom IR, and that
4 is the method that we deem appropriate for our
5 application.
6 N. JOTIBAN: How do you determine success,
7 though? What do you consider that it is successful
8 in this context?
9 D. COBAN: Ms. Jotiban, I am just wondering if
10 we are getting into a matter of argument. I think
11 Ms. Yeates has articulated that, you know, the
12 company's view on this is informed by the history of
13 CIRs that the OEB has adjudicated over the years, and
14 that was her response to your question.
15 So I do believe that, you know, she has answered
16 that question, and that if we go further on this, we
17 are getting into a matter of argument.
18 N. JOTIBAN: Okay. Thank you for your response.
19 I appreciate it.
20 My next question, could you please confirm that
21 OEB panels in several CIR proceedings have expressed
22 concern about facing capital revenue allocation
23 primarily on cost forecast?
24 D. COBAN: I don't think it is fair to ask the
25 witness to comment on decisions in other applications
26 which we don't have here before us today. So maybe
27 you would like to rephrase the question or -- I just
28 -- you know, I want us to be helpful to you, but we

1 certainly don't have those decisions in front of us,
2 number 1.
3 And number 2, I am not sure even if we did have
4 them, we would, you know, be able to deal with that
5 live on the stand here.
6 N. JOTIBAN: Okay. I will just move on to the
7 next question. Thank you.
8 And my last question. Could you please pull up
9 9-Staff-267.
10 In this IR response, Alectra states that it has
11 not requested provincial funding for renewable
12 generation connection rate protection, or RGCRP, as
13 part of this proceeding.
14 You don't need to pull this up, but in Alectra's
15 application for the 2021 rates, EB2020-0002, Alectra
16 received approval for the funding for the 2021
17 through 2026 period for RGCRP.
18 From the application for the 2026 rate, could
19 you please pull up the OEB's decision for EB-2025-
20 0055 as part of the Staff compendium filed earlier
21 this week. Could you please go to page 24, table
22 8.1.
23 In this table, you can see that the total amount
24 for provincial funding for the three rate zones
25 combined equals to about .5 million in 2026. And I
26 just checked the RGCRP models, which you don't need
27 to pull up. It contains the average net fixed asset
28 for all the three rate zones that are eligible for

1 the funding.
2 And by adding the average net fixed assets
3 amount for all the three rate zones together that
4 Alectra's eligible for this funding, the average net
5 fixed asset associated with the revenue requirement
6 of about .5 million in 2026 is more than $2 million.
7 I am just wondering why -- if you could please
8 explain why Alectra has not continued with a request
9 for this funding for the 2027 and beyond.
10 N. YEATES: We will take an undertaking to
11 review that. We will take an undertaking to review
12 that and provide a response.
13 R. DHILLON: I will mark that as Undertaking JT-
14 3.50.
15 **UNDERTAKING JT-3.50: ADVISE WHY ALECTRA HAS NOT**
16 **CONTINUED WITH A REQUEST FOR PROVINCIAL FUNDING**
17 **FOR RENEWABLE GENERATION CONNECTION RATE**
18 **PROTECTION FOR 2027 AND BEYOND AND HOW ALECTRA**
19 **PROPOSES TO HANDLE THE CHANGE IN DEPRECIATION**
20 **RATE WITH RESPECT TO THE REVENUE REQUIREMENT**
21 **COLLECTED IN 2025 AND 2026**
22 N. JOTIBAN: And I have another question. You
23 might want to add this to the undertaking as well.
24 The funding for 2025 and 2026 was approved in a
25 prior application and uses the old depreciation rate.
26 How does Alectra propose to handle the change in
27 depreciation rate with respect to the revenue
28 requirement collected in 2025 and 2026? Please

1 explain.
2 N. YEATES: I just want to confirm that is with
3 respect to the renewable generation connection rate
4 protection?
5 N. JOTIBAN: Yes. Yes.
6 N. YEATES: Okay. We will add that to the
7 undertaking.
8 N. JOTIBAN: Okay. Thank you. And I have no
9 further questions. Thank you, Panel.
10 R. DHILLON: Thank you, Ms. Jotiban.
11 We will turn it over to Ms. Ahmed, who is
12 joining us virtually.
13 **CROSS-EXAMINATION BY Z. AHMED (OEB STAFF)**
14 Z. AHMED: Hello, Panel. Good afternoon. Most
15 of my questions are on APB, so on 1-Staff-26 and 1-
16 Staff-28. I will begin with my questions on 1-Staff-
17 26. So if you could pull up 1-Staff-26A, part A, and
18 then number 3, line 13. Yes, yes, please. Here.
19 So here, you elaborated on GL mapping in 2019,
20 and then the 2024 USoA mapping exercise actually --
21 the difference between the APB cost filed as evidence
22 versus what we currently have on RRR.
23 But I am still not fully clear on the reasons
24 behind the differences between the values,
25 particularly from 2022 to 2023, as you provided
26 explanation for the differences in cost activity in
27 2024 year related to 2023 only.
28 So line 14 and 15 says this response pertain to

1 differences in cost activity in the 2024 year
2 relative to 2023.
3 Since you have not clarified the previous years,
4 can you please confirm that the reason these values
5 are different from 2024 is the same as why 2024 is
6 different relative to 2023, please.
7 M. LISTER: I am sorry, could you repeat the
8 question. I followed most of that, but I think where
9 you landed in the end, you wanted a confirmation that
10 the restated 2024 amounts also pertain to the
11 historical years? I didn't quite follow your logic
12 there. Is that where you were going?
13 Z. AHMED: Yeah. So I wanted to -- initially,
14 the IR was about figuring out whether all the changes
15 that happened in 2020, 2021, all the way to 2023,
16 what is the rationale behind it, whether that was due
17 to, you know, GL mapping exercise or the 2024
18 revision that you did.
19 But in the response, in your IR response, you
20 only explained why 2024 is different relative to 2023
21 but did not touch on the other years. I just wanted
22 confirmation whether it was because of the same
23 reason. Is it because when you did the mapping
24 exercise in 2024, you had to change all the way back
25 to 2020? Or is it something else? Because you did
26 not touch the previous years; you only discuss 2023.
27 M. LISTER: Yeah. It is, I guess, the former,
28 which you said. So the remapping took place in 2024,

1 and here, what you are seeing is the restated 2020 to
2 2024. In this case, there was no change or it was an
3 immaterial change, and I believe the bullets -- if
4 you are looking specifically at billing O&M, the
5 bullets below discuss what actually did occur as a
6 result of the remapping.
7 Z. AHMED: So your response to differences in
8 2024 is not only relative to 2023; it is also
9 relative to 2020, 2021, 2022 as well?
10 M. LISTER: Yeah. For each -- well, to be
11 clear, for each of those historical years, had the
12 USoA accounts been mapped according to the APB
13 direction, that is the line that is called the
14 restated line.
15 Z. AHMED: And the reasons are the same. Right?
16 It is because of --
17 M. LISTER: Yes.
18 Z. AHMED: Okay. That is all I wanted to --
19 M. LISTER: Yes.
20 Z. AHMED: -- because of the same reason? Okay.
21 M. LISTER: Yes.
22 Z. AHMED: Okay. Perfect. No, thanks for
23 confirming that.
24 The second question is where there is a
25 difference between the values filed as evidence
26 versus the values we currently have in RRR, would you
27 consider updating your RRR data for all the years?
28 M. LISTER: I think we are going to need to take

1 an undertaking on that. I don't know what all of the
2 implications of that are, and so I think we need to
3 consider that back in the shop.
4 Z. AHMED: Yeah, no worries. Can you please
5 consider that as an undertaking.
6 R. DHILLON: Thank you. I will note that as
7 undertaking JT-3.51.
8 Z. AHMED: Thank you.
9 **UNDERTAKING JT-3.51: PROVIDE UPDATED DATA**
10 **REGARDING APB COST FOR ALL YEARS WHERE THERE IS**
11 **A DIFFERENCE BETWEEN THE VALUES FILED AS**
12 **EVIDENCE AND THE VALUES CURRENTLY IN RRR**
13 Z. AHMED: Okay. So moving on to 1-Staff-28,
14 please. Section A, page 11, line 13 and line 14.
15 Are we on the right page? Sorry, can we go to
16 station Capex, please. I still can't see it. It is
17 on page 11, so if you just scroll down slightly,
18 please. Yeah. Yeah, yes, if you could stay there
19 please, yeah, that would be great. Thank you.
20 So here, you state that unit cost increased from
21 286 in 2023 to 595 in 2024. That is an increase of
22 108 percent. And you say that the cost increases are
23 related to design activities for a new station. Can
24 you please explain in further detail how design
25 activities alone doubled unit cost, and do you expect
26 to continue to have this doubled cost going forward?
27 For example, what was your unit cost in 2025
28 like?

1 M. LISTER: I think, again, if you are okay with
2 it I would like to take that away. I am not an
3 engineer, so I can't speak to what --
4 Z. AHMED: That is okay.
5 M. LISTER: -- design activities might fully
6 entail. And I don't have 2025 sitting in front of
7 me, so I would have to review that.
8 Z. AHMED: That is perfectly fine. Can we have
9 that as an undertaking, please?
10 R. DHILLON: I will mark that as Undertaking JT-
11 3.52.
12 Z. AHMED: And then maybe you want to add to
13 that -- it is not a new undertaking, but add to that
14 undertaking if you can provide a breakdown of all the
15 various drivers that double the unit cost.
16 M. LISTER: For this measure in particular?
17 Z. AHMED: Yes, please, yes.
18 M. LISTER: Yes, we can change the -- modify the
19 undertaking to accommodate that.
20 Z. AHMED: Yes. So basically both -- it can be
21 two undertaking or one, it is up to you. Whichever
22 works better.
23 M. LISTER: We would rather have it in one
24 undertaking if that is --
25 Z. AHMED: Okay. Yeah, that is fine.
26 **UNDERTAKING JT-3.52: EXPLAIN HOW DESIGN**
27 **ACTIVITIES DOUBLED THE UNIT COST FROM 286 IN**
28 **2023 TO 595 IN 2024 AND WHETHER THE DOUBLED COST**

1 **IS EXPECTED TO CONTINUE GOING FORWARD, AND**
2 **PROVIDE A BREAKDOWN OF ALL THE VARIOUS DRIVERS**
3 **THAT DOUBLED THE UNIT COST**
4 Z. AHMED: Okay. So the next question is
5 pertaining to the poles, towers, and fixtures Capex,
6 if you can scroll down, please. Yes, yes, if you can
7 stay here, thank you.
8 So here, you attributed the 2024 year unit cost
9 being almost 30 percent higher than your own five-
10 year average to a number of projects with non-
11 standard requirements. Can you please clarify what
12 percentage of any pole work carried out in 2024 was
13 non-standard.
14 M. LISTER: Again, I don't have that information
15 --
16 Z. AHMED: That is okay.
17 M. LISTER: -- in front of me.
18 Z. AHMED: That is okay.
19 M. LISTER: I would need to go back and look at
20 other records.
21 Z. AHMED: No, that is okay. Can we please note
22 that as an undertaking as well.
23 R. DHILLON: I will mark that as Undertaking JT-
24 3.53.
25 Z. AHMED: Thank you. And this probably also
26 will be an undertaking, but I am going to ask anyway.
27 Can you please also clarify why you had to
28 undertake those non-standard works?

M. LISTER: We will include that in the undertaking.

Z. AHMED: Okay. Do you want that to be a different undertaking or --

M. LISTER: No. If we are going to speak to post, towers, and fixtures, we will do that all in one undertaking.

UNDERTAKING JT-3.53: ADVISE WHAT PERCENTAGE OF ANY POLE WORK CARRIED OUT IN 2024 WAS NON-STANDARD AND ADVISE WHY THE NON-STANDARD WORKS HAD TO BE UNDERTAKEN

Z. AHMED: Okay. Sounds good. Thank you.

Moving on to lines OM&A, so if you please scroll down. Yes, please. So that is line 19. Thank you.

Here, you mention that Alectra's five-year average unit cost is 99 percent higher than the -- than -- sorry.

Here, you say that Alectra's five-year average unit cost is 99 percent higher than the five-year industry average; is that correct?

M. LISTER: That is what we say in response to part A, yes.

Z. AHMED: Okay. Yeah. Okay. Just double-checking.

And then you go on to say that 14 -- you go on to say that this value that Alectra has in terms of unit cost, 14 utilities report a five-year average unit cost higher than that value. And what I really

1 wanted to clarify, why the 14 utilities have been
2 used here to benchmark Alectra's unit cost. Is this
3 a representative group?
4 M. LISTER: Yeah, to be clear, I want to -- I
5 want to clarify that we weren't trying to say that we
6 used those 14 utilities to benchmark Alectra's costs.
7 In fact, in the prefiled evidence, we highlighted
8 some reasons why we think some of the particular line
9 items might be suspect, and in particular, one of our
10 concerns is we don't appreciate how other utilities
11 undertake their accounting.
12 Having called out that concern, here is one case
13 in particular, you know, where we have an average
14 unit cost that is 99 percent higher. We simply went
15 on to observe we appear to be in the median of the
16 group with approximately 14 utilities reporting
17 higher cost and many reporting lower cost.
18 So it is just a very difficult measure to sort
19 of understand where we fit within it, and that is
20 what we were trying to convey.
21 Z. AHMED: Okay. Thanks for the response.
22 Do you think there is a peer group that you can
23 compare yourself to where they might experience
24 similar costs?
25 M. LISTER: Do you mean in respect of APB or in
26 respect of -- you must, because that is what we are
27 talking about. But can you clarify, is that your
28 question?

1 Z. AHMED: With respect to the line comparing
2 lines O&M.
3 M. LISTER: We have some reservation with that.
4 It is difficult to construct a peer group, and I
5 understand -- maybe the OEB is going to go that
6 direction in terms of APB. They haven't in certain
7 other respect.
8 I will just reiterate, however, we did note some
9 concerns with comparing to comparators within the
10 sector at the front of the prefiled evidence. If it
11 is helpful, I can pull that up and show you exactly
12 what we meant in that language.
13 Nevertheless, we did undertake to -- or not -- I
14 shouldn't use that word. We did provide in our
15 prefiled evidence comparisons to industry averages.
16 And we noted that while each of the individual
17 measures might have been a concern, if you summed
18 them up and compared Alectra's performance to the
19 industry, the results were fairly exceptional.
20 I don't know if that directly answers your
21 question. I think it is enough to say we have some
22 reservations about defining a peer group for this
23 purpose.
24 Z. AHMED: That is okay.
25 And the reason that I am asking that, that
26 brings me to my next question, really, because in
27 line 23, Alectra mentions that this program cost
28 fluctuate annually depending on seasonal storm,

1 severity of weather-related outages -- I am just
2 quoting Alectra now -- and contracted labour rates,
3 among other factors. And there are a couple of other
4 things that, you know, Alectra mentions, like
5 categorization of cost among utilities.
6 But pointing to the seasonal storm severity and
7 weather-related outages, I just wanted to know if you
8 can clarify if this challenge is unique to Alectra
9 that could result in 99 percent higher unit cost than
10 the industry average?
11 M. LISTER: I can't say -- I don't think we
12 could say definitively whether it applies only to
13 Alectra. Certainly we would think fluctuations apply
14 to everybody, but we can't really speak to what
15 others' experience is.
16 Z. AHMED: Okay. No, that is okay.
17 And hence I was like -- you know, I am curious
18 to know whether you would be willing to compare
19 yourself to a peer group who probably, we know for
20 sure, experienced the same challenges, but that is
21 okay.
22 Okay. So my last question, again, a bit of
23 clarification on what you meant by "cost
24 categorization." When you say that on line -- I
25 think line -- sorry. I am just trying to find where
26 that is now -- yeah, so line 27, which also says that
27 difference is in the categorization of cost, and
28 utilities could be a contributing factor. Can you

1 please explain that further?
2 M. LISTER: Yeah, simply -- simply, we were
3 noting there that different types of work could be
4 categorized in certain ways, and we don't have either
5 assurance or confidence that all entities are
6 categorizing costs the same way.
7 For example, we do note in some other program
8 areas, we have a system limitation that only permits
9 costs to be allocated to certain kinds of programs,
10 even though the work being undertaken might apply to
11 two different categories. So it is that issue, that
12 -- those differences in categorization, that could
13 impact the APB results that give us pause for
14 concern.
15 Z. AHMED: I appreciate that.
16 But can you give an example on the line O&M
17 particularly, or is that not feasible?
18 M. LISTER: I can't sitting here right now. If
19 you would like, we could take it away.
20 Z. AHMED: Yeah, that would be great, if you
21 don't mind. Can we please note that as an
22 undertaking, please.
23 R. DHILLON: I will mark that as Undertaking JT-
24 3.54.
25 **UNDERTAKING JT-3.54: PROVIDE AN EXAMPLE OF COST**
26 **CATEGORIZATION IN REGARDS TO THE O&M LINE**
27 Z. AHMED: Thank you. Okay.
28 So my next question is on poles, towers, and

1 fixtures Capex, please, so if you could scroll down.
2 Yes, please, here. We may stop here. Thank you.
3 In this paragraph, you provide a rationale for
4 your unit cost being 41 percent higher than the
5 industry average by attributing it to cost
6 allocation, tracking methodologies, and the
7 limitation of your enterprise software.
8 My question is can you please clarify whether
9 you are suggesting that should this limitation of the
10 software not exist and should cost allocation be
11 standardized, that this unit cost could potentially
12 be lower?
13 M. LISTER: Yeah, I am not sure which way it
14 would go, actually. It could be lower. It could
15 also be higher. Again, I would have to go back to
16 the shop to understand. The issue is that sometimes
17 work is allocate -- sometimes the cost from work is
18 allocated to underground; sometimes it is allocated
19 to poles. But I don't know the magnitude of these
20 differences, so I couldn't say whether it was higher,
21 it would create a higher or lower impact.
22 Z. AHMED: Okay. Is that something you can take
23 away and then maybe confirm?
24 M. LISTER: We can take that back and consider
25 how best we could try to approach that -- responding
26 to that question.
27 Z. AHMED: Okay.
28 M. LISTER: We may have to condition or qualify

1 it and will do so, if need be.
2 Z. AHMED: Yeah, thank you very much.
3 Can you please note that as an undertaking as
4 well.
5 R. DHILLON: I will mark that as Undertaking JT-
6 3.55.
7 **UNDERTAKING JT-3.55: CONFIRM WHETHER THE UNIT**
8 **COST COULD POTENTIALLY BE LOWER IN REGARDS TO**
9 **POLES, TOWERS, and FIXTURES CAPEX IF ALECTRA**
10 **UPGRADES THEIR ENTERPRISE SOFTWARE AND**
11 **STANDARDIZES THEIR COST TRACKING PRACTICES AND**
12 **PROVIDE A COMPARISON OF THIS UNIT COST TO A PEER**
13 **GROUP WITH SIMILAR URBAN NATURE AND LOAD DENSITY**
14 **TO ALECTRA**
15 Z. AHMED: Thank you.
16 And since you attributed this, you know, rising
17 unit cost, the 41 percent higher unit cost than the
18 industry average, to these issues that we just spoke
19 about, do you have any plans to address this, at
20 least the enterprise software part to lower the unit
21 cost, which I am aware you just said that you don't
22 know whether it will go higher or lower, but that is
23 why I specified just the enterprise software at
24 least.
25 M. LISTER: Yes. Once we uncovered this and
26 undertook the work to do the USoA remapping and this
27 issue was uncovered, we internally committed to
28 having a further look and understanding how we might

1 either improve our software or our work organization,
2 so the answer is yes.
3 Z. AHMED: Okay. Thank you. Okay.
4 So on line 14, you further say that this unit
5 cost is additionally impacted by its urban nature and
6 load density. Can you please -- again, this -- you
7 may choose not to, but can you please undertake to
8 provide a comparison of this unit cost to a peer
9 group with an urban nature and load density similar
10 to Alectra?
11 M. LISTER: Certainly we do provide some
12 discussion elsewhere, I think in the prefiled
13 evidence, speaking to this exact point, which is that
14 Alectra often faces, because of some operational
15 challenges, whether it is crossing highways or in the
16 -- or the urban nature of much of Alectra's work,
17 requires larger and stronger poles and pole bases,
18 and that is what can drive a difference, and that is
19 the point being made here.
20 But if there is something more you would like us
21 to comment on, we can do that. If we are going to do
22 that, I think we should add it to the previous
23 undertaking.
24 Z. AHMED: Yeah, I think what I was trying to
25 get at -- get at was to understand whether this was
26 really specific to Alectra.
27 M. LISTER: Again, I don't know that we can say
28 what is specific to Alectra or not. This -- this --

1 we can speak to Alectra's experience.
2 Z. AHMED: Okay.
3 Then, like, as per your suggestion, I would like
4 to add that to the previous undertaking, if that
5 works.
6 Okay. So my next question is on --
7 D. COBAN: Sorry. The witnesses are just
8 conferring. Just please give them a moment.
9 Z. AHMED: Oh, sorry. Oh, sorry. I can't --
10 yeah, the screen is very small.
11 M. LISTER: Sorry. Thank you for the moment.
12 We are ready to carry on.
13 Z. AHMED: Okay. Perfect. Thank you so much.
14 Okay. So on -- if we move down to line
15 transformer Capex, please, section C. Yes. Thank
16 you.
17 So here, you state that Alectra's five-year
18 average unit cost is 233 percent higher than the
19 five-year industry average, and you attribute this
20 variance to -- in cost to increased supply chain cost
21 due to COVID and then part of it to cost tracking
22 practices.
23 My first question is what percentage of this
24 increase was driven by supply chain versus cost
25 tracking practices? You may have to take that as an
26 undertaking.
27 M. LISTER: We will have to take that as an
28 undertaking.

1 Z. AHMED: Yes. Can you please note that down,
2 please.
3 R. DHILLON: I will mark that as Undertaking JT-
4 3.56.
5 **UNDERTAKING JT-3.56: ADVISE WHAT PERCENTAGE OF**
6 **THE INCREASE IN ALECTRA'S FIVE-YEAR AVERAGE UNIT**
7 **COST WAS DRIVEN BY SUPPLY CHAIN VERSUS COST**
8 **TRACKING PRACTICES**
9 Z. AHMED: Thank you.
10 Can you please clarify -- again, very similar to
11 last question -- whether these consequences of COVID
12 were faced by Alectra alone? If not, then how come
13 others in the industry did not face a 233 percent
14 higher charge and -- like you did?
15 M. LISTER: I think it is fair to say everyone
16 in the sector was impacted by COVID. Again, we can't
17 speak to impacts felt by other utilities. We can
18 only observe what Alectra experienced.
19 Z. AHMED: Okay. I think that is all from me,
20 then.
21 R. DHILLON: Thank you, Ms. Ahmed.
22 Z. AHMED: Thank you.
23 R. DHILLON: That concludes the day 3 of
24 technical conference for Alectra Utilities
25 Corporation. We will adjourn until tomorrow morning
26 at 9:30 a.m. Thank you.
27 D. COBAN: I am sorry. Just before we adjourn,
28 does that conclude OEB Staff's questions for this

1 panel?

2 R. DHILLON: That does conclude OEB Staff's

3 questioning for this panel.

4 D. COBAN: Thank you.

5 And just one other matter that we were just

6 discussing over the break with CCC. We do have to

7 enter that undertaking that Mr. Gluck was looking for

8 in terms of the AMI revenue requirement. Thank you.

9 So if we could just get an undertaking number to mark

10 that down, please.

11 R. DHILLON: I will mark that as Undertaking JT-

12 3.57.

13 **UNDERTAKING JT-3.57: PROVIDE A REVENUE**

14 **REQUIREMENT VERSION OF THE TABLE AT 2-CCC-12,**

15 **PAGE 12, RELATED TO AMI**

16 D. COBAN: Thank you.

17 R. DHILLON: Thank you.

18 I just wanted to say thank you to the panel and

19 to the participants who attended today virtually and

20 in person. Thank you.

21 --- Whereupon the proceeding adjourned at 4:53

22 p.m., to resume Tuesday, March 10, 2026, at

23 9:30 a.m.