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THE ONTARIO ENERGY BOARD

Elexicon Energy Inc

Cost of Service Application

Technical Conference
held in person and virtually
at 2300 Yonge Street, 25th Floor, Toronto, Ontario
on Tuesday, June 23, 2026, commencing at 9:35 a.m.

VOLUME 2

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1 Tuesday, June 23, 2026

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

3 T. HOBBSINS: Good morning, everyone, and welcome
4 to day 2 of the technical conference for Elexicon
5 Energy's cost of service application, EB-2025-0312.
6 My name is Tobias Hobbins. I am counsel to the Board
7 and will be acting solely to assist with this
8 process.

9 I believe that Ms. Coban has a preliminary
10 matter she would like to discuss.

11 **PRELIMINARY MATTERS**

12 D. COBAN: Yes, thank you. Good morning.

13 After reviewing the transcript overnight, there
14 is just something we wanted to clarify with respect
15 to an exchange that Mr. Sheehy and Ms. Scott had
16 yesterday regarding the prioritization process. This
17 is found at pages 58 and 59 of the transcript.

18 Mr. Sheehy described pre-prioritization process
19 with respect to substation investments. We wanted to
20 clarify that that process he was talking about
21 applies to substation renewal rather than substation
22 growth as indicated on the transcript. It was just a
23 slight of tongue, so we wanted to make sure that that
24 was clear for the record. Thank you.

25 T. HOBBSINS: Okay. And with that, I think we
26 can move straight into questioning.

27 Up first we have Energy Probe for 30 minutes.

28 **CROSS-EXAMINATION BY T. LADANYI (ENERGY PROBE)**

1 T. LADANYI: Thank you. Good morning, everyone.

2 Can you hear me? I had to change my laptop. My
3 other laptop was malfunctioning. Can you hear me?

4 T. HOBBS: Yes, we can, Mr. Ladanyi.

5 T. LADANYI: Thank you.

6 Now, before I start my preplanned questions, I
7 wanted to go back to something that was said
8 yesterday. In transcript pages 149 and 150, Ms.
9 Stevens directed me to some evidence that talks about
10 the customer survey.

11 And can we go back to the page that Ms. Stevens
12 directed me to? I think she said it was Appendix 10,
13 page 54. And this is on page -- I see PDF 578? Is
14 that right?

15 D. COBAN: I am sorry, Mr. Ladanyi, we didn't
16 catch that.

17 T. LADANYI: I said I am trying to figure out
18 exactly which page you are on, and you are on PDF
19 578; is that right?

20 D. COBAN: Yes.

21 T. LADANYI: All right. So this is a summary
22 that Innovative prepared of a telephone survey; is
23 that right?

24 D. COBAN: Mr. Ladanyi, these questions would be
25 better addressed to Panel 2, who can speak to the
26 survey. We provided you this reference yesterday
27 because we just wanted to make sure you were aware of
28 this information being on the record.

1 T. LADANYI: Thank you. No, I am aware of it.
2 It is just I looked at it, and it did not seem to be
3 all of the grid modernization plan. But that is all
4 right. I will put these questions to Panel 2. Okay.
5 Thank you.

6 Now, when we ended yesterday, we were just
7 finishing my questions related to Interrogatory 2B-
8 EP-9. Can we have that on the screen, please? And
9 we were discussing the impact of the grid
10 modernization on OM&A, whether the costs are going to
11 increase or decrease. And essentially, as I
12 understand your answers, you are just going to
13 repurpose the existing staff to do whatever work is
14 required.

15 And I was wondering whether there is a business
16 case for the grid modernization plan that shows,
17 let's say, costs and benefits and so on. Is there a
18 business case?

19 S. SHEEHY: We do not have a business case for
20 the grid modernization plan, but we do have within
21 the evidence our established grid modernization plan.
22 I can direct you to that, Mr. Ladanyi, if that would
23 be helpful.

24 T. LADANYI: Oh, no, I have read all that.
25 Thank you very much. So there is nothing -- so what
26 I am looking for is -- if you know anything about my
27 career, I worked for three large utilities for many
28 years, for a period of about 40 years, and every time

1 there was a new plan presented to the senior
2 management, there was some kind of a preparation
3 presented to the senior management, and then to the
4 board of directors to approve it.

5 And typically, it had a fair amount of detail in
6 it. It was not essentially just words. There were
7 numbers in it. And then there was some discussion by
8 the senior management and/or board of directors, and
9 the plan was approved.

10 Can you tell me, was there anything presented to
11 the Elexicon board of directors to get their approval
12 for grid modernization plan?

13 S. SHEEHY: The investments within the grid
14 modernization plan, they go across numerous
15 investment categories and programs. And as part of
16 IR response 1-SEC-1, we provided the materials that -
17 - in that response that went to Elexicon's board of
18 directors. If we could go to 1-SEC-01.

19 T. LADANYI: Yes, can I see the part that
20 mentions specifically grid modernization plan?

21 S. SHEEHY: One example, if we go -- scroll down
22 within the attachment, it is on Slide Number 6 -- it
23 is hard to -- I think it is Slide Number 5 within
24 this presentation, there was a preference for grid
25 modernization.

26 In the slide that we are on right there, in
27 Slide Number 7, grid modernization would be across
28 different investment plans, so it wouldn't be

1 anything specific within those lines. But grid
2 modernization, it is across a variety of investment
3 programs. It wouldn't have a standalone cost per se.

4 T. LADANYI: So it is something that is inside
5 the capital plan, and it is in different categories;
6 is that what you are saying?

7 S. SHEEHY: Yes, that is correct. Within our
8 grid modernization plan in our Distribution System
9 Plan, it shows the investments listed by investment
10 program, and those would be captured within the
11 various programs.

12 T. LADANYI: So then essentially, it is a
13 grouping that is put together for presentation to the
14 OEB; is that what it is? Because I don't see that
15 the board of directors specifically approved it.

16 It is -- and you are seeking approval of
17 something that you really didn't actually approve.
18 You cannot bunch it up together into a series of
19 items, and you listed them, and -- are you seeking
20 board approval for the grid -- OEB approval, rather,
21 for the grid modernization plan?

22 D. COBAN: Questions related to the approvals
23 that are being sought in this application, I think,
24 would be best directed to Mr. Vetsis on Panel 2.

25 If you want to understand more the nature of the
26 investments that are being made to support those grid
27 modernization objectives, that can be dealt with by
28 this panel.

1 T. LADANYI: No, I am fine. I will save them
2 for Panel 2.

3 Before I leave this entirely, I want to know --
4 so board of directors, as we see, was not really
5 given the specifics of the grid modernization plan.
6 Now, the board of directors should be the executive
7 management team of Elexicon.

8 Was the executive management team of Elexicon
9 presented with something about the grid modernization
10 plan, for example? What I am looking for, its costs
11 and benefits and how they were presented.

12 S. SHEEHY: As I previously stated, we have a
13 grid mod plan that walks through the overarching
14 theme of our grid modernization plans within our
15 Distribution System Plan.

16 Within the individual investment categories that
17 contain the grid mod investments, that information
18 captures the various costs and benefits associated
19 with those investments, and that is captured within
20 each of those investment programs of our Distribution
21 System Plan.

22 And that information is what constitutes our
23 rate application, so all of that information, the
24 organization would have seen, and that is contained
25 within each of the investment programs.

26 T. LADANYI: Oh, thank you. I will pursue this
27 with Panel 2.

28 Now, please turn to 2B-EP-11. And this

1 interrogatory deals with constraints on distribution
2 and upstream. And the exhibit that I quoted, and I
3 think it is in a preamble, you stated:

4 "Ellexicon will explore potential solutions to
5 increase the available short-circuit capacity.
6 Increasing this capacity will support future
7 feeder expansion and enable the connection of
8 additional DER projects." (as read)

9 So first for the, let's say, audience, if you
10 like, can you explain, what is short-circuit
11 capacity, and why is it important?

12 S. LATIF: Mr. Ladanyi, I am more than happy to
13 explain that. So --

14 T. LADANYI: Go ahead.

15 S. LATIF: -- a short-circuit capacity is
16 basically when a short circuit occurs on the system,
17 when there is a fault on the system, either through a
18 line to ground fault or the different kinds of
19 faults, symmetrical or unsymmetrical such as three
20 phase or single phase faults, and generators are a
21 source of that current that is being transformed or
22 coming back to the grid when the grid is grounded.

23 So when that happens, we see a current or a
24 fault on the system. And every equipment on the
25 system has a rating which is called the short circuit
26 or default rating for the asset itself.

27 So when that short circuit current exceeds the
28 limitations of those assets, it damages the assets

1 and can cause fires and bring the system down or
2 damage the equipment itself. So the generators are a
3 source of those short-circuit currents. I hope I
4 explained it in the most simplest terms I could.

5 T. LADANYI: I will accept that. We don't have
6 to take this into a, let's say, lecture on electrical
7 engineering.

8 But I understand from your explanation that
9 additional DERs can cause problems on a feeder and --
10 because of each additional DER increases the
11 potential for a short circuit; would that be right?

12 S. LATIF: That is correct, Mr. Ladanyi.

13 T. LADANYI: All right. So when you talk about
14 DER projects, what are you referring to? Are they
15 rooftop solar, battery storage system, or gas-fired
16 generators, all of them?

17 S. SHEEHY: Yes, it is all of them. And we
18 outlined the specific DER technology types within the
19 generation connections exhibit -- or customer
20 generation connections exhibit. So it contains the
21 definitions for each of those technologies.

22 T. LADANYI: Thank you.

23 Now, interrogatory question, I asked:

24 "Will Elexicon require the customers who own
25 the additional DER projects to pay a
26 contribution for the cost of feeder expansion
27 that will enable their DER projects to be
28 connected?" (as read)

1 And your answer, by the way, was:

2 "Elexicon is exploring potential solutions to
3 increase the available short-circuit capacity,
4 and this work is anticipated to be classified
5 as an enhancement; however, if work is
6 undertaken to facilitate a request from a
7 specific customer or group of customers,
8 Elexicon will consider whether the work should
9 be classified as an expansion pursuant to the
10 Distribution System Code." (as read)

11 So can you explain to me how you would make this
12 decision? I mean you candidly describe that you are
13 going to make this decision, can you tell me, like,
14 how you would make this decision?

15 One is something in enhancements and one is
16 something in expansion.

17 And I think you have a second part of that
18 answer, but you can -- can you just answer that? I
19 think that should be fairly straightforward. I mean,
20 I get the impression that what is happening here is
21 that if it is an enhancement, you are actually -- if
22 you do it before anybody asked you about it -- for
23 it, then it is an enhancement. But if some specific
24 customer asked for additional capacity, then you
25 could consider it to be an enhancement. Would I be
26 right?

27 S. SHEEHY: Just to clarify, looking at -- you
28 know, from line 17 onwards, Elexicon is still

1 assessing what potential solutions there will be to
2 resolve the short circuit capacity constraints. So
3 depending on what those solutions are and the
4 limitations -- the source of the limitations that
5 were identified, we will then determine the path
6 forward. It is just premature for me at this point
7 to speculate.

8 We are anticipating that this work will be
9 classified as an enhancement. Now, however, if a
10 specific group of customers is triggering the need
11 for the expansion, we will follow the Distribution
12 System Code accordingly.

13 T. LADANYI: I notice in your response that you
14 were trying to make a distinction between renewable
15 and non-renewable generators. Is there a different
16 treatment, let's say, between a gas generator that is
17 a DER and a rooftop solar that is a DER? In fact --
18 the way you treat them. Do you treat them
19 differently?

20 S. SHEEHY: Both of those examples would be
21 generation connection requests that the team would
22 then process and assess.

23 T. LADANYI: And you would process them the same
24 way?

25 S. SHEEHY: The request would be the same. Each
26 generation connection would then be assessed on a
27 project-by-project basis. But the connection request
28 process would be the same.

1 T. LADANYI: Now, I want to better understand
2 how this all works. If I can give you an example and
3 you can -- I wouldn't be surprised if your counsel
4 tries to stop me, but I will give you an example
5 anyway.

6 For example, you have a feeder with 2,000
7 customers on it. Everything is going fine.
8 Customers are satisfied. Now, 20 of those customers
9 want to install rooftop solar panels on the roofs of
10 their premises, and they want to have two-way flow so
11 they can benefit, i.e. make money, from net metering.

12 They approach Elexicon. Elexicon evaluates the
13 situation and tells them there is inadequate short-
14 circuit capacity on the feeder and it will cost
15 \$200,000 to increase short-circuit capacity to
16 accommodate them. Would you ask the 20 customers to
17 pay a contribution? I think it's -- if I did the
18 calculation right, let's say \$10,000 each.

19 S. SHEEHY: In that example you just shared from
20 lines 19 to 28 in this response, that would apply.
21 We would assess the project request. If it is
22 expansion pursuant to the Distribution System Code,
23 we will then follow the connections and expansions,
24 Chapter 3. And capital contributions would then be
25 assessed accordingly, within that process.

26 T. LADANYI: I am still trying to come -- thank
27 you, very much, by the way, for that.

28 I am trying to come to grips, what you do to

1 increase short-circuit capacity. Because in many
2 cases, that wouldn't be an expansion, that would be
3 something you would do at a transformer station; is
4 that right?

5 S. SHEEHY: We are not sure where the resolution
6 of the short-circuit capacity will be on the
7 distribution side, but that is why we said we
8 anticipate it will be an enhancement if that work is
9 required on the distribution side of the utility to
10 resolve.

11 T. LADANYI: Okay. Maybe I will try my question
12 another way. Expansion in my mind seems to be
13 installation, new conductors, new distribution
14 transformers and so on. Making a modification at an
15 existing facility, such as maybe changing the circuit
16 breaker or whatever, would possibly be an
17 enhancement. I don't know what it would be.

18 Can you give me an example? I am trying to
19 understand whether my thinking about this is correct.

20 S. SHEEHY: The assessment of expansion versus
21 enhancements typically is a case-by-case analysis.
22 But if I could, in your example, explain from an
23 expansion standpoint that if the customer or group of
24 customers are triggering the need for that work to
25 pursue, that would be classified as an expansion,
26 versus if the utility requires the need to be
27 resolved.

28 So if there was, you know, operational concerns,

1 limitations, you know, at the equipment level that we
2 need to resolve, we would classify that as
3 enhancement. But again, it is a case-by-case basis
4 and depends who is triggering the need for that
5 project and the investment.

6 T. LADANYI: Thank you. I won't pursue this any
7 further. Let's go to another interrogatory. Can you
8 turn to Exhibit 2 -- sorry, 2-DRC-7, Interrogatory 2-
9 DRC-7? And it is a very long interrogatory with many
10 pages. And if you can go to the last paragraph on
11 page 6 of the interrogatory, you can see there:

12 "DSO functionality is also dependent on third-
13 party participation, especially if Ontario
14 wants flexible, scalable, market-like DSO
15 services. Aggregators, DER owners, technology
16 providers and other service firms are needed to
17 supply assets, telemetry-control platforms and
18 operational services that a DSO cannot
19 efficiently build and own on its own." (as
20 read)

21 Then in the next sentence, you say:

22 "Ontario planning documents explicitly describe
23 the transition as requiring coordinated action
24 across LDCs, the IESO, aggregators, technology
25 providers, regulators and policymakers." (as
26 read)

27 You mentioned aggregators twice in that
28 response. Could you tell us, what is an

1 "aggregator"?

2 S. SHEEHY: For the definition or the
3 terminology used within this, for aggregators, it is
4 essentially an organization that works with DER
5 owners, and coordinates those technologies with the
6 utility.

7 T. LADANYI: So is an aggregator your customer,
8 or is a DER owner your customer?

9 S. SHEEHY: I would say it would be a case-by-
10 case basis. It depends on the nature of the
11 engagement. A DER owner is a specific customer, but
12 an aggregator could represent a group of customers.
13 It would have to be assessed on a case-by-case basis.

14 T. LADANYI: Are there any aggregators operating
15 in your service area?

16 S. SHEEHY: I don't know the answer to that. We
17 would have to confirm and verify that.

18 T. LADANYI: I don't want the exact number. I
19 just want an "any." You don't know even any, do you?

20 S. SHEEHY: I would need to confirm that. I
21 don't know.

22 T. LADANYI: Undertaking, please, can we have an
23 undertaking?

24 T. HOBBINS: That will be undertaking JT --

25 D. COBAN: Sorry, just before we give that
26 undertaking. Mr. Ladanyi, I guess I am struggling a
27 bit with the scope of this undertaking. What exactly
28 are you looking for? To confirm if there are any

1 aggregators operating within the service territory?

2 T. LADANYI: Let me tell you where I am going
3 next, and then you can tell me whether this is for
4 this panel or for another panel. I want to know, do
5 you have any contracts -- have contracts with
6 aggregators?

7 D. COBAN: Okay. We can take this away as an
8 undertaking. So to clarify, we will undertake to
9 confirm if there are any aggregators that you are
10 aware of in the service territory, and whether there
11 are any contracts that Elexicon has entered into with
12 them.

13 T. LADANYI: Actually, before you record that, I
14 will give you my subsequent questions, and you can
15 include it in that as well. And that is can you file
16 your standard contract with aggregators?

17 See, you probably -- if you have aggregators,
18 you must have developed a contract that you have with
19 them, your standard contract with the provisions that
20 you would like in that contract. And it couldn't be
21 on a case-by-case basis. I would presume there would
22 be a number of aggregators.

23 You want to treat them all fairly, in a similar
24 way, and I would like to see what this contract looks
25 like. Would you be able to include that in your
26 undertaking?

27 D. COBAN: We will undertake to consider your
28 request. If we can provide that information, we

1 will. If not, we will explain why.

2 T. LADANYI: Now --

3 T. HOBBS: So that will be --

4 T. LADANYI: Can we have a number by the way?

5 T. HOBBS: Yes. So that would be undertaking
6 JT-2.1.

7 T. LADANYI: 2.1?

8 T. HOBBS: Yes.

9 **UNDERTAKING JT-2.1: To confirm if there are any**
10 **aggregators in the service territory and whether**
11 **there are any contracts that Elexicon has**
12 **entered into with them, and to provide a copy of**
13 **the standard contract**

14 T. LADANYI: Thank you.

15 So I am trying to understand how this aggregator
16 business works because it is just starting up in
17 Ontario. It is much more advanced in some other
18 jurisdictions, particularly in the U.S. Do you know
19 if aggregators have contracts with DER owners?

20 S. LATIF: Mr. Ladanyi, we have a few customers
21 who have contracts with the aggregators. These are
22 some large-scale customers. I don't have the
23 specific details of the numbers with me, but I could
24 provide that to you.

25 T. LADANYI: No, I don't need those. I am
26 looking at something completely different. If a DER
27 owner is dissatisfied with what the aggregator is
28 doing, i.e., there is some kind of a cost sharing or,

1 if you like, revenue sharing between the aggregator
2 and the DER owner, who does the DER owner go to for
3 help? Does it go to Elexicon or to the OEB?

4 D. COBAN: I am not sure this is an appropriate
5 question for the panel. You are really asking about
6 what recourse customers have with respect to their
7 various contracts that they entered into?

8 That -- this panel is not here to deal with
9 those kinds of issues. They are here to deal with
10 the, you know, system investments that are needed to
11 enable these technologies.

12 T. LADANYI: That is fine. Can I pursue these
13 questions with panel -- I gather Panel 2 is more a
14 business-oriented panel? Is that right?

15 D. COBAN: Yes, we can consider that in Panel 2.
16 But I still have some concerns with the nature of
17 your question more generally.

18 T. LADANYI: Well, I will tell you where I am
19 going with this, and maybe not in this proceeding. I
20 am going to where you might recall that many years
21 ago there was door-to-door gas sales and gas sales
22 contracts. And there were a lot of problems with
23 those. And OEB had to have a help desk dealing with
24 all the complaints from thousands of customers who
25 were calling them up. And I could see a situation
26 similar to this developing here.

27 So OEB should be ready, if there is going --
28 this is going to develop on a large scale, OEB should

1 be ready to deal with concerns that customers are
2 going to have because utilities at that time were not
3 dealing with these problems effectively, gas
4 utilities, and it really fell to the OEB to deal with
5 it.

6 So this is -- these are all events that happened
7 probably 20 years ago. But it is starting up in a
8 different way, and that is what I am concerned about.

9 Now these are all my questions. Thank you very
10 much, Panel.

11 T. HOBBINS: Thank you, Mr. Ladanyi. Next up,
12 we have Pollution Probe.

13 **CROSS-EXAMINATION BY M. BROPHY (POLLUTION PROBE)**

14 M. BROPHY: Good morning. Can you hear me?

15 T. HOBBINS: Maybe if you could move the mic a
16 bit closer.

17 S. SHEEHY: If you could speak louder into the
18 mic, that would be helpful.

19 M. BROPHY: Nobody said I speak too softly,
20 before. But I will give it a try. How about that?
21 Is that better? Okay. We will give it a try. If I
22 go any closer to the mic, I will be eating it. The
23 problem is if I use that one, I will be facing the
24 window and not the Panel. So I will give this one a
25 try.

26 M. RUBENSTEIN: Using all of them.

27 M. BROPHY: Using all of them. Okay, great.

28 Good morning. My name is Michael Brophy, and I

1 will be asking questions on behalf of Pollution Probe
2 this morning. The first question, and some of these
3 you don't need to pull up the interrogatory, but if
4 feel like you need to, certainly stop and you can
5 take a look.

6 The first one related to PP-5, which dealt with
7 the current state of the utility kind of following
8 the merger period over the last eight years. And
9 that interrogatory discussed the state of the current
10 utility as I mentioned.

11 And Elexicon noted that its historical
12 investment profile was influenced by limited funding
13 including deferred rebasing. And as a result,
14 technology investments were prioritized by safety-
15 critical and reliability-driven needs. I won't read
16 the whole response, but that is kind of a portion of
17 it.

18 So I just wanted to understand that, and make
19 sure I understand level setting, the current state.
20 And I think I understand the reason that you have
21 come in early, just after 8 years and not ten years,
22 is that obviously the profitability impacts for the
23 term and you need a different approach to be able to
24 deliver on your Distribution System Plan because some
25 of the elements were reacting to emergencies and
26 must-dos rather than the other things.

27 So is that a correct kind of context? Or am I
28 missing something? Because that is a theme of some

1 of the Distribution System Planning questions that I
2 will be asking about.

3 D. COBAN: Mr. Brophy, candidly, I am struggling
4 a bit with understanding the question. Just for our
5 benefit, could you rephrase that? It was a bit
6 unclear to me what you are asking the witness to
7 agree to.

8 M. BROPHY: Sure. I will just jump into the
9 questions. I just wanted to level-set, to make sure
10 that I understand it correctly. But we will just
11 jump into the questions. But I just wanted you to
12 understand kind of the view of the interrogatory
13 responses as we reviewed them because of some of the
14 key themes we are taking away.

15 I just want to make sure that I am understanding
16 those correctly; and if something is not correct, I
17 would like you to correct us, please. Thank you.

18 Okay, so why don't -- the next question related
19 to 1-PP-18. And in the response to 1-PP-18, provided
20 materials Elexicon used for the energy transition
21 discussions that you had with customers in
22 preparation for this application. Do you recall
23 that? Or is that a Panel 2 question?

24 D. COBAN: That would be a Panel 2 question.

25 M. BROPHY: It is Panel 2. Okay, thank you.
26 Okay. I may need to move a little bit of time over
27 to Panel 2, and I will try to finish Panel 1 earlier.

28 Okay, maybe we can go to Figure 5 in that IR,

1 and that relates to something I think this panel
2 would be able to talk to. I don't want to end up
3 with Panel 2, and then they can't answer it and try
4 to send me back to Panel 1.

5 So this is about the current -- if you go down a
6 little bit on the screen it shows the current grid
7 and -- or sorry, a little bit up. So it shows both
8 diagrams. Great. That is terrific, thank you.

9 It shows today's electrical grid and it shows
10 tomorrow's electrical grid. Do you see that on the
11 screen?

12 S. SHEEHY: Yes, we see that.

13 M. BROPHY: Okay. And am I correct to
14 understand, then, that the purpose of this diagram is
15 to show where Elexicon needs to go and that you need
16 to move towards delivering tomorrow's electrical grid
17 which, you know, is a two-way energy flow, and there
18 is a lot of other things on the diagram. But is that
19 the intent of this?

20 D. COBAN: I do think this is a Panel 2
21 question, to be able to speak to the intent of these
22 materials.

23 M. BROPHY: Okay. So another question is -- was
24 related to linking this diagram to the Distribution
25 System Plan. But I think this is the panel that
26 answers questions on the Distribution System Plan.

27 So when I look at this diagram, there are
28 elements in here that would link to the Distribution

1 System Plan. So I am a little confused which panel
2 to ask that question to. If this diagram is Panel 2
3 and this panel is Distribution System Plan now, how
4 would you like to proceed, Ms. Coban?

5 D. COBAN: Let's proceed with the question, and
6 we will evaluate each question and let you know if it
7 needs to be punted or it can be answered here.

8 M. BROPHY: Okay. Terrific. Is Elexicon's
9 Distribution System Plan meant to deliver tomorrow's
10 electrical grid in alignment with the diagram in
11 Figure 5?

12 S. SHEEHY: I would like to direct this to
13 Exhibit 2B, Tab 3, Schedule 2. And we will go to
14 Appendix A, and specifically page 7. This reference
15 I pulled up is our -- is Elexicon's grid
16 modernization plan. And it shows the characteristics
17 of a traditional grid versus a modern grid, a little
18 bit more specific compared to the pictorial we were
19 just looking at.

20 And within this plan, if we scroll down to the
21 next page, on page 8, you will -- if you could get
22 further down, we will get both 4.1 and 4.2. We do
23 outline what Phase 1 of this plan will look like to
24 the end of 2031 and the corresponding investments we
25 have planned to implement. And Phase 2 from 2032 and
26 beyond.

27 So there is more specificity within each of
28 these phases of the plan further down in the

1 document, but that would help give you additional
2 insights into our grid modernization plan over this
3 period.

4 M. BROPHY: Okay. So if we can just go up to
5 the figure you were referring to, so that is Tab 3,
6 Schedule 2 Appendix A, Figure 1, graphical comparison
7 of traditional versus modern grid. So I agree, this
8 is actually very helpful and more detailed.

9 So my understanding, then, this roughly equates
10 -- and you put a more simplified in what you showed
11 customers because you didn't want to probably bury
12 them in this information, but the tradition grid is
13 kind of the -- you know, the -- kind of the current
14 one that you show customers, and then the modern grid
15 is the tomorrow's grid. Is that kind of the rough
16 correlation between those diagrams?

17 S. SHEEHY: For clarity, I am not exactly sure
18 how that first figure we were looking at for -- was
19 brought forward. But this is more of a pictorial
20 just to show the future state. And I think it would
21 be helpful to go to page -- Table 3 on page 9 within
22 this same document.

23 This table takes what was in that figure and
24 translates it into actual features and descriptions
25 of the future state. So I think this would be more
26 helpful for clarity on where we are taking the grid
27 modernization during this rate period and beyond at
28 Elexicon.

1 M. BROPHY: Okay. No, that is very helpful.

2 You had a chart there that had what your current
3 distribution plan would deliver, and then what your
4 next iteration in relation to the diagram Figure 1.

5 I think it was at page 8, maybe, or -- we can go to
6 that. Actually, it was just below this diagram.

7 There was two sections. So Phase 1 -- oh, just
8 -- you had it. Phase 1 of plan, so that is 2025 to
9 2031. And Phase 2 of plan, 2032 plus. So that is
10 perfect. Maybe we can stay on there.

11 So what is the term of your current Distribution
12 System Plan?

13 S. SHEEHY: Within this rate application, the
14 term of our Distribution System Plan is 2027 to 2031.

15 M. BROPHY: 2027, 2031. Okay. Thank you.

16 So that -- I think that is six years; right?
17 Based on my quick math.

18 S. SHEEHY: Within this 4.1, 2025 and 2026
19 represent the bridge period leading into the 2027 to
20 2031 period. That is why we captured this as 2025 to
21 2031.

22 M. BROPHY: Okay. Okay. Yeah, I am just trying
23 to, yeah, reconcile the terms of these dates to your
24 DSP, which is 2027 to 2031. So, you know, '27, '28,
25 '29, '30, '31, that is -- I guess that is five years,
26 then; right? Your current plan term for your DSP?

27 S. SHEEHY: Yes, it is five years, that is
28 correct.

1 M. BROPHY: Okay. And most of the DSPs we have
2 seen from other utilities were ten years. I might be
3 mistaken, but I thought they were supposed to be ten
4 years. Is that not correct?

5 D. COBAN: Mr. Brophy, maybe you could help us
6 with that reference. For your understanding, I think
7 we are all aware of the Chapter 5 requirements which
8 prescribe a five-year timeline for DSPs.

9 M. BROPHY: Five-year, okay. So you are going
10 off the min five years. Okay.

11 And then Phase 2 on this page that is up is 2032
12 plus. So that is your next Distribution System Plan;
13 right?

14 S. SHEEHY: Yes, that is correct.

15 M. BROPHY: Okay. And do you know what -- how
16 many years that will be? Or maybe you don't know yet
17 if it hasn't been considered.

18 S. SHEEHY: It is premature at this point for me
19 to speculate on 2032 and beyond.

20 M. BROPHY: Okay. So it is fair to say you
21 haven't figured out any of the details for the 2032
22 plus DSP at this time?

23 S. SHEEHY: Yes, that is correct.

24 M. BROPHY: Okay. Thank you.

25 Okay. So next question relates to 1-Pollution
26 Probe-4. And that asked a couple of questions. One
27 was about the potential for DERs in Elexicon's
28 service territory and some other things related to

1 DERs. I wanted to make sure that I understand that
2 clearly.

3 So Elexicon's response indicates that DER
4 connections are customer-driven initiatives and not
5 planned or controlled by Elexicon; do you recall
6 that? It is actually right at the top under response
7 Part A. It is the first sentence or two.

8 S. SHEEHY: Yes, that is correct.

9 M. BROPHY: Okay. And current policy and
10 supporting OEB initiatives and I -- Elexicon must be
11 involved in some of the DER initiatives and DSO and
12 some of these others, I am sure. They take a very
13 proactive approach in enabling DERs in Ontario.
14 Would you agree with that?

15 S. SHEEHY: I am not clear on what you mean by
16 "they." Could you help explain this to me? Sorry.

17 M. BROPHY: So there is current policy and OEB
18 initiatives underway -- well, have been underway for
19 many years, and currently are still, to remove
20 barriers for DERs and enable them and to promote
21 additional DERs in alignment with the non-wires
22 solutions. Would you -- are you aware of that?

23 S. SHEEHY: I think it would be helpful to pull
24 up 10-PP-28. Get the response on the screen here. I
25 just wanted to clarify something that you said. And
26 we noted this in the response to this IR. There is a
27 distinction and a difference between non-wires
28 solution and a DER, and, you know, I think lines 26

1 to 29 explain that.

2 So:

3 "The key distinction is that DERs are discrete
4 technologies or assets, whereas non-wires
5 solution is a planning strategy that may
6 incorporate DERs and other resources as
7 alternatives to traditional wires-based
8 solutions." (as read)

9 Non-wires solution may rely on DERs, but not all
10 DERs are non-wires solutions. So I just wanted to
11 make sure that we clarify there is a distinction
12 between non-wires solution and DERs.

13 M. BROPHY: Yes. And I appreciate that -- that
14 response in the interrogatories. That is my
15 understanding. DERs can be a non-wires solution, but
16 not necessarily the other way. So I will just stick
17 with the term "DER" just to avoid confusion --

18 S. SHEEHY: Okay.

19 M. BROPHY: -- in this context. So maybe I will
20 just restate the question and use the term "DER."

21 So are you aware of current policy and
22 supporting initiatives ongoing by the OEB that relate
23 to removing barriers and promoting DERs as part of
24 the energy transition? I can name some of the
25 initiatives if you want specific ones, but, you know,
26 there is quite a long list that the OEB has.

27 S. SHEEHY: If you could provide some specific
28 ones. But we are generally aware. You know,

1 Elexicon does participate in, you know, various DER
2 working groups. So we are aware of some.

3 M. BROPHY: Yeah. Yeah. One that has been
4 going on for many years is the DER connections which
5 was exactly about removing barriers. And that is
6 probably the best example, but there are other ones
7 as well.

8 So would you agree that those are meant to
9 remove barriers and to promote DERs within Ontario?

10 S. SHEEHY: I would really need to assess each
11 and every initiative on a case-by-case basis, but
12 generally, removing barriers is something that comes
13 up, yes.

14 M. BROPHY: Okay. Okay. Thank you. It is not
15 a trick question, it was just contextual. I just
16 wanted to make sure you are familiar with those
17 initiatives and the general purpose of them, and I
18 think you indicated that you are.

19 So I am just trying to reconcile the response in
20 the answer that was the first two -- the first -- I
21 think it was the first two lines in the response to
22 PP-4. So it indicated that DER connections are
23 customer-driven initiatives, not planned or
24 controlled by Elexicon.

25 And in reading that, it makes it sound like you
26 need to wait for a customer to come rather than
27 Elexicon proactively enabling or promoting DERs, and
28 I just wanted to make sure I understood that

1 correctly, that it -- is that a correct
2 interpretation, or is there stuff that you are doing
3 proactively to try and get customers to undertake
4 appropriate DERs?

5 I know there was another response where we asked
6 about any marketing materials, and you said you
7 didn't have any to promote DERs, but there might be
8 other things that you are doing proactively.

9 S. SHEEHY: It is true that Elexicon does wait
10 for a DER customer to engage Elexicon through a
11 connection request. And we also have a number of
12 programs -- like, we have a distributed resource
13 connection procedure posted on our website to guide
14 customers through the connection process for both
15 micro, less than 10 kilowatts, and non-micro, greater
16 than 12 kilowatt, connections.

17 So we do have a process and documentation on our
18 website for -- and information for customers to
19 access and help walk them through the process.

20 M. BROPHY: Okay. Yeah, so I saw that in
21 another IR response, that you have kind of
22 operational things. If somebody wants to connect,
23 you have got the details on how -- the procedure to
24 go through, which I think is what you just referred
25 to; right?

26 S. SHEEHY: Yes, that is correct.

27 M. BROPHY: Okay. So nothing else comes to mind
28 as far as, you know, engaging customers to

1 proactively promote them to consider or put in DERs?
2 And, you know, if you want to take it away and think
3 about it, I am happy to let you do that as well.

4 S. SHEEHY: Just another engagement that I
5 wanted to highlight that was part of PP-11's
6 response, 1-PP-11, was the OEB centralized capacity
7 information map which also contains information
8 within Elexicon's service territory for DER --
9 potential DER customers to review.

10 M. BROPHY: Yeah, I almost was going to mention
11 that one because I think that is a requirement now
12 for all the utilities to do, and I think Elexicon
13 does that. So thank you for that.

14 Okay. So why don't we move on. The next
15 questions relate to 10-PP-31, and that is non-wires
16 solutions. So, you know, we discussed the difference
17 of that definition.

18 So that interrogatory dealt with the process
19 Elexicon used to assess non-wires solution
20 opportunities, and it indicated that in developing
21 its DSP, Elexicon assessed non-wires solutions
22 potential across its entire service territory by
23 first applying a pre-screening process to all
24 eligible investments, and subsequently evaluating the
25 economics of the subset of candidates through the BCA
26 process. Does that sound right so far?

27 S. SHEEHY: Yes, that is correct.

28 M. BROPHY: Okay. And then the subset referred

1 to, I think, is the three projects that you ended up
2 having CRA do a BCA review on, and there is a report
3 attached in your evidence on that; is that correct?

4 S. SHEEHY: Yes. It was three projects that
5 were assessed through the BCA process.

6 M. BROPHY: Yeah. Okay. Great.

7 So I just want to understand, aside from those
8 three, the process for all the screening and why only
9 those three came out of the process. So everything
10 except those three was screened out by Elexicon, and
11 then you sent those three to CRA to assess; is that -
12 - is that correct?

13 S. SHEEHY: Yes. Our entire DSP plan for those
14 that were eligible for -- to go through the non-wires
15 solution pre-screening framework went through, and
16 then it was the three projects that progressed to the
17 BCA.

18 M. BROPHY: Okay. Where is the best place in
19 the evidence, if it exists, to look at for all the
20 ones, except those three that went to CRA? What was
21 assessed and how were they all screened out? Where
22 is the best place to look at the process and the
23 actual result, so why all of them were dropped?

24 S. SHEEHY: If we could pull up Exhibit 2B, Tab
25 3, Schedule 5, Appendix B. I would like to go to
26 page 3 within this report. And we will look at Table
27 1.

28 To answer your question, I believe this -- this

1 table here provides the additional granularity on the
2 number of investment programs or projects that were
3 screened out through the process, the corresponding
4 capital investments. And from Phase 1 all the way to
5 the total that were screened out, there is additional
6 details within this report and -- that walks through
7 every phase, the programs, the projects, why they
8 were screened out and when. But this table provides
9 the high level summary of that.

10 M. BROPHY: Okay. And this is a CRA report, not
11 an Elexicon report; right?

12 S. SHEEHY: That is correct. This is a CRA
13 report for Elexicon.

14 M. BROPHY: Okay. Okay. So based on our
15 discussion at the beginning of this question, I
16 understood that Elexicon screened everything out, and
17 then those three projects were sent to CRA, but it
18 looks like CRA did something -- something else. Did
19 they do the screening, or they just helped you write
20 up the report to summarize what you did?

21 S. SHEEHY: If I could clarify, so there are two
22 appendices here. Tab 3, Schedule 5, Appendix A,
23 which is the pre-screening framework that was
24 developed by CRA for Elexicon. At the conclusion of
25 that pre-screening framework that was developed, CRA
26 was then leveraged to assess Elexicon's 2027 to 2031
27 distribution plan through the pre-screening
28 framework, which is Appendix B in the report that we

1 are looking at here.

2 M. BROPHY: Okay. So CRA did the screening of
3 all your assets and projects within your capital plan
4 and DSP. It wasn't done internally then; is that
5 correct?

6 S. SHEEHY: If we could scroll up to page 2
7 within this same document, just at the executive
8 summary? If you scroll up. The answer is, yes, that
9 is correct. CRA assessed the Distribution System
10 Plan on behalf of Elexicon. They applied our
11 Distribution System Plan 2027 to 2031 investments
12 following the pre-screening framework that was
13 established.

14 M. BROPHY: Okay. Thank you. That is helpful
15 because that is different than what I understood.

16 Okay. The next question relates to 1-Pollution
17 Probe-19, and that discusses information related to
18 Elexicon's plan and alignment with municipal plans.
19 And the response indicated that:

20 "Information from municipal plans is reflected
21 in the DSP, primarily through Elexicon's load
22 forecasting and capacity planning process."

23 (as read)

24 And just to get ready for the person projecting,
25 I will probably end up pulling up 2B-31, Figure 8,
26 which is just the profiles of the different scenarios
27 for the forecast. So yeah, the response had
28 indicated:

1 "Municipal electrification and net zero targets
2 inform the directional assumptions used to
3 develop the low, medium and high
4 electrification scenarios, allowing Elexicon to
5 assess the system impacts of accelerated
6 electrification." (as read)

7 Does that sound right so far? I basically just
8 read part of the response.

9 U. KHAN: That is correct.

10 M. BROPHY: Okay. Thank you. So I see on the
11 screen you just had, I think, Figure 8. It just kind
12 of disappeared off the screen. That is 2B, 31,
13 Figure 8, and that is the system peak load forecast
14 scenarios. I think those are the low, medium, and
15 high scenarios referred to in that IR response. Is
16 that correct? Or is it a different figure here you
17 are referring to?

18 U. KHAN: The low, medium, and high scenarios
19 that are referred to in line 26 of the response in 1-
20 PP-19 are reflected in the figure that we have up,
21 Figure 8. And the descriptions of what each of those
22 scenarios contain, the response in PP-19 was
23 referring to electrification. In this case, all the
24 components are built in the high, medium and low, but
25 yes.

26 M. BROPHY: Okay that is exactly what I thought;
27 I just wanted to validate. So you have a high,
28 medium, low, and then you have the Elexicon scenario

1 that is in between the medium and high that is on the
2 screen. Do all of these scenarios shown, they enable
3 you to meet the community energy and emission plan
4 objectives? Or are there certain scenarios here that
5 wouldn't allow you to do that?

6 U. KHAN: If we could scroll up a few pages, to
7 page 20? So here, we start talking about the
8 sensitivity analysis for each of the subcomponents of
9 the load forecast. So there are subcomponents for
10 the residential and commercial-industrial growth, and
11 there are also scenarios for building electrification
12 which start at the bottom of that page, on line 22.

13 If you scroll down to page 21? Actually page 22
14 has a better representation where the low, medium,
15 and high scenario for building electrification, the
16 targets are set out in these descriptions for both
17 residential and C&I, for what targets are being met
18 for each of these scenarios.

19 M. BROPHY: Thank you for that, because that is
20 exactly where I went when I read the interrogatory
21 response. And based on my read of what went into
22 each of those, it looks like all those scenarios
23 allow you to meet municipal energy and emissions
24 objectives. But I just wanted to validate that. Or
25 if you need to take it away, I am happy with that
26 too.

27 U. KHAN: It is not necessarily true. If you
28 look at the low scenario for example, for residential

1 retrofit, you are maintaining current electrification
2 targets throughout the forecast period as opposed to
3 meeting the targets set out by the municipal energy
4 plans, which would be met in the medium and high
5 scenarios for retrofit residential, as an example.

6 M. BROPHY: Okay. No, that is helpful. And so
7 medium are higher, which Elexicon's scenario is in
8 between the medium and high, then does meet it. It
9 is just the low that doesn't fully meet the municipal
10 energy and emissions objectives. Right? Is that
11 what I heard?

12 U. KHAN: For the Elexicon scenario, for
13 building electrification, the high scenario was
14 selected, which does meet the municipal energy plan
15 targets.

16 M. BROPHY: Okay. Okay. Thank you, for that.
17 That is very helpful. And I assume your -- I won't
18 go through all the municipalities that you serve, but
19 I will just use one as an example.

20 I assume you are aware that Durham Region has
21 committed to net zero by 2045. Are you aware of that
22 as part of their community energy-planning
23 initiatives?

24 U. KHAN: I would have to confirm the exact year
25 that is used in this. However, we do meet with the
26 municipalities and apply the regional energy plans
27 into the load forecast.

28 M. BROPHY: Okay. Do you want to confirm that?

1 I am aware of their objectives, but if you want to
2 confirm it and validate it, then that would be great.

3 U. KHAN: Just to confirm, the confirmation is
4 what are the regional targets for the Region of
5 Durham for net zero?

6 M. BROPHY: Well, it is that Durham Region has
7 committed to net zero by 2045. And if it is not
8 2045, just provide whatever date you confirm. Yeah.

9 U. KHAN: That can be done.

10 M. BROPHY: Okay, thank you.

11 T. HOBBINS: That will be Undertaking JT-2.2.

12 **UNDERTAKING JT-2.2: CONFIRM THAT DURHAM REGION**
13 **HAS COMMITTED TO NET ZERO BY 2045; IF NOT,**
14 **CONFIRM EXACT TARGET YEAR**

15 M. BROPHY: Okay. Thank you.

16 And then so that is one of the municipalities
17 that we were just talking about. So I think you
18 confirmed the Elexicon scenario aligns with meeting
19 those municipal objectives. And I understood
20 basically that anything medium scenario or above
21 would do that. Is that accurate?

22 U. KHAN: So that actually depends on which
23 subcomponent we are looking at. If we are looking at
24 customer growth and not necessarily electrification,
25 then the customer growth scenarios are different for
26 the low, medium, and high sensitivities.

27 In regards to electrification of buildings as
28 described on page 22 of this exhibit that we have up,

1 the high scenario meets the municipal energy plan
2 targets for retrofit buildings.

3 And for the medium scenario, for residential,
4 the targets from available municipal energy plans are
5 applied on the residential side. And on the
6 commercial-industrial side, there is a five-year
7 delay applied on the retrofit and new-build targets
8 for the medium scenario.

9 M. BROPHY: Okay. So there is a delay in the
10 medium, the high meets it. And then I think you
11 indicated the Elexicon scenario, which is almost the
12 high one, meets it. Is that correct?

13 U. KHAN: On page 25, if you scroll down a few
14 pages, line 20? So this paragraph summarizes the
15 inputs and what scenario is selected for each of
16 these subcomponents. And it is summarized here:

17 "For building electrification and customer
18 growth for both of those subcomponents, the
19 high scenario was selected." (as read)

20 M. BROPHY: I guess the trouble I was having
21 trying to work through all this material in the IR
22 response was there are subcomponents within your
23 scenarios. Right? It is not just low, medium, high
24 and the Elexicon. There are different subcomponents
25 in there.

26 And so I know that you have been dealing with
27 the municipalities to meet the objectives for their
28 energy and emissions plans. And I was trying to map

1 out which of those scenarios allowed that to happen.
2 So I think you have explained some of it, like low,
3 you know, what the impact is and medium. The high
4 does it, for sure.

5 And so is there anything in the Elexicon
6 scenario that doesn't allow you to meet any of the
7 municipal energy and emissions plans, objectives or
8 commitments? And, again, if you want to take it away
9 --

10 U. KHAN: I can answer that.

11 M. BROPHY: Okay, sure.

12 U. KHAN: So the only subcomponent that does not
13 apply to a federal or to a municipal target or a
14 policy would be the electric vehicle component, where
15 Elexicon selected the medium scenario which, as we
16 have described on page 25, is the federal policy of a
17 hundred percent new light-duty vehicles sales by 2035
18 delayed by five years. So in the Elexicon scenario,
19 a medium sensitivity was selected for the electric
20 vehicle component.

21 And another thing I would like to add is our
22 selection of the scenarios for the customer growth,
23 the building electrification and also the electric
24 vehicle component were all discussed with the
25 municipalities that we serve, and we received
26 alignment on all of those in our meetings with them.

27 M. BROPHY: Yeah, and I guess that is a
28 different -- because I am just referring to the

1 municipalities like, you know, the Region of Durham
2 and below the regional level. So I understand your
3 comment about the delay on the federal EV objectives.
4 But Region of Durham and the tiers below that have
5 their own plans, and they differ.

6 So my understanding was the Elexicon scenario
7 met, you know, the Region of Durham energy and
8 emissions objectives and commitments, and the lower -
9 - any lower tier municipalities that you serve; that
10 was my understanding. Is that accurate?

11 And I think you have actually confirmed all of
12 it except potentially EV, but it may actually align
13 with the Region of Durham and the other tier
14 municipalities' objectives, even if it doesn't align
15 with the federal one.

16 U. KHAN: As I noted on building electrification
17 and customer growth, the high scenario which was
18 selected for both of those subcomponents does use the
19 available energy plans and municipal plans from the
20 municipalities.

21 M. BROPHY: Okay. And that aligns with the
22 Elexicon scenario. Right?

23 U. KHAN: That is correct. The Elexicon
24 scenario selects the high sensitivity for building
25 electrification and customer growth.

26 M. BROPHY: Yes, okay. Okay, thank you. I will
27 move on.

28 The next question relates to 2-Pollution Probe-

1 22, but I think probably the best thing to pull up is
2 Exhibit 2B, Tab 3, Schedule 2, Appendix B, Figure 1.
3 And this is related to the asset health review.
4 There, that is the one. Perfect. Thank you, very
5 much.

6 So Figure 1 is on the screen. And we can go
7 back to the Pollution Probe-22 if you want, but I
8 think don't we need it unless you need to. What
9 happened to Figure 1? There we go. It is back.

10 The question was in relation to the overall
11 report indicated a fairly good health for the assets.
12 And Elexicon confirmed that in the interrogatory
13 response. But you did indicate that some of the
14 subdetails indicated that some of the assets were not
15 in good health. And I just wanted to make sure I
16 understand that a bit better. I think this was kind
17 of the best summary spot to talk to, but happy to go
18 to other pieces as well.

19 So I think when I correlated what you put into
20 the interrogatory response, you gave some examples of
21 the things that related to the asset groupings, with
22 some poor and very poor ratings there.

23 So, for example, underground cables was -- I
24 think it says 27 percent very poor and 17 percent
25 poor. So that is like over 25 percent, kind of,
26 combined. Right? So you go down and there is about
27 four or five, at the most, categories where that type
28 of thing exists. So substation cables, it looks

1 similar. Vault transformers, we already talked about
2 underground cable. So those are the subcategories
3 you are talking about.

4 If you kind of dig into those, you will see that
5 even though the general overall asset health is good,
6 there are subcategories that are not so good. Are
7 those the ones that I am pointing out there? And
8 vault transformers obviously is on there because it
9 is 20 percent and 24 percent. So that is 44 percent
10 in poor or very poor.

11 S. SHEEHY: I do think it would be helpful if we
12 pull up 2-PP-22 --

13 M. BROPHY: Sure.

14 S. SHEEHY: -- just to have the response on the
15 screen. And then I will point to another piece of
16 information for you.

17 But, as you stated, so the consultant stated,
18 you know, the vast majority of Elexicon's assets are
19 in fair or better condition. As we noted in this
20 response, that was a general observation made by the
21 consultant. And what happens, when you aggregate the
22 entire system asset data, it can mask individual
23 asset class issues within poor and very poor.

24 I will pull up a different IR. Just give me a
25 second. If we could go to 2-CCC-17. And we will go
26 to page 2 of 3, and look at Table 1.

27 This table may be helpful for you to see the
28 entire population of each asset class and Elexicon's

1 corresponding planned replacements within those asset
2 classes. So this provides the granularity of the
3 investment plans and what we are tackling within each
4 of those, such as cables like you just referenced,
5 and other assets.

6 M. BROPHY: Thanks. I did see that table when I
7 reviewed the IR responses. And so the Table 1 from
8 CCC-17, that is the table information, which is
9 great. But that maps then to the Figure 1 of the
10 asset health review that we had on the screen a
11 minute ago. Right? Like those are two -- one is
12 more of a graphical pictorial, and this is a table
13 form. Is that correct? There is nothing different
14 in the numbers, I don't think.

15 S. SHEEHY: That is correct. The graph, the
16 Figure 1 that is shown within the ACA report is just
17 a different way to display the health index
18 distribution percentages within each asset class of
19 Table 1 of 2-CCC-17.

20 M. BROPHY: Okay, perfect. That what I thought.
21 So Figure 1, and it is back on the screen, the asset
22 health review, had just a couple of the categories
23 where the unknown was a material number you will see
24 from the graph. So when you have unknown -- it is
25 kind of hard to read on the screen here, but I will
26 use step transformers because it's I think the
27 biggest unknown number.

28 It is 50 percent of your condition for step

1 transformers is unknown. How do you treat that,
2 then? Do you just consider it is bad, or you just
3 don't put it into your analysis because you don't
4 know the condition?

5 S. SHEEHY: Just focusing on the step
6 transformer exhibit -- or example, if we could go to
7 page 53 within this report. Yes, so if you could
8 stop here. This is the step transformer condition
9 assessment methodology.

10 So this step transformer has one condition
11 parameter, which is service age. And for awareness
12 purposes, we have six step transformers within
13 Elexicon's service territory. If there are unknown
14 health index scores associated with assets, as part
15 of a continuous improvement, Elexicon looks to
16 collect additional information on our assets and
17 reduce the unknown component within our health index
18 formulation.

19 Just for additional context, six total step
20 transformers. This is the condition parameter, which
21 is service age used, for the step transformer. And
22 any unknown health index would be assessed at a
23 future date.

24 M. BROPHY: Okay. So that is -- that is a
25 helpful example. So the step transformers, it is --
26 you used the age as the predictor. And if it is
27 unknown -- so in that example, it was 50 percent is
28 unknown, so 50 percent of the step transformers, you

1 are not aware of how old they are?

2 S. SHEEHY: Yes, that is correct. 50 percent
3 are unknown, so service age would be unknown for
4 those.

5 M. BROPHY: Okay. No, that is very helpful.
6 Okay. That is all the questions I had. I think it
7 is just in time for break. So thank you very much.
8 It was very helpful.

9 T. HOBBINS: Thank you, Mr. Brophy.

10 I think we will adjourn for the morning break.
11 We will return at 11:30.

12 --- Upon recessing at 11:12 a.m.

13 --- Upon resuming at 11:29 a.m.

14 T. HOBBINS: Okay. I think we will resume here.
15 And we have OEB Staff up next.

16 **CROSS-EXAMINATION BY V. GANESANATHAN (OEB):**

17 V. GANESANATHAN: Good morning, Panel. Can you
18 please bring up 2-Staff-50, please. So I am just
19 trying to better understand the mobile station
20 proposal. Can you walk us through how often the
21 mobile station is expected to be used each year, the
22 estimated maintenance costs, and expected service
23 life?

24 U. KHAN: It is difficult to say how many times
25 a year exactly the mobile substation will be used as
26 that depends on the number of construction projects
27 that we have scheduled for that year for substations
28 and what the limitations on the grid would be during

1 that time.

2 However, the purpose of the mobile substation is
3 to provide that additional contingency and support as
4 is described in the pre-filed evidence in Exhibit 2B,
5 Tab 4, Schedule 3, Appendix I, page 47.

6 So as noted here, this station could be used for
7 projects in the substations renewal program where
8 planned outage is necessary to perform the work, and
9 during those instances, the substation could be used.

10 And in response to the IR Staff-50, it was
11 identified that there were 54 municipal substations
12 where the mobile stations could be -- could be
13 operated at given the voltage level that is being
14 considered; however, the exact amount of times that
15 this station would be used is difficult to say at
16 this stage.

17 Regarding the OM&A costs, I can't speak to
18 those. Those have not specifically been calculated
19 from the mobile station. And the expected service
20 life has also not yet been determined.

21 V. GANESANATHAN: Would you be able to walk me
22 through how you were able to determine the \$3.6
23 million mobile station would be an economical
24 investment?

25 If possible, could you please identify the
26 specific capital or construction costs you would be
27 deferring or avoiding through this project?

28 U. KHAN: The main driver for the requirement of

1 the mobile substation is to maintain reliability of
2 the distribution system during planned capital work.
3 And an example is also provided in the pre-filed
4 evidence which we were referring to, Exhibit 2P, Tab
5 4, Schedule 3, Appendix I, where in the case in
6 Bowmanville where the three municipal substations
7 during summer peak condition, an outage -- a
8 subsequent outage following planned capital work
9 would result in long-term outage to the customer.

10 And so the driver behind the need for the mobile
11 station is to maintain reliability of the system
12 during planned construction. And there are several
13 projects in our substations renewal program that this
14 station could be used at to provide contingency
15 during construction.

16 V. GANESANATHAN: I am still not understanding.
17 So if you look at the project cost of 3.6 million,
18 how were you able to say, Hey, you know what? This
19 project cost is too high for the benefit it is
20 providing. How did you come to that conclusion?

21 U. KHAN: Elexicon performed an assessment where
22 we considered the availability of mobile stations
23 from other utilities such as Hydro One and also
24 determined that they would not be available during
25 capital planned or emergency use for Elexicon.

26 And given the capital plan that has been put
27 together for substations renewal, there will be
28 several instances where the mobile substation could

1 be used. And if I could point you to the project
2 scope and benefits section on page 48 of our exhibit
3 up on the screen, the determination for the
4 requirement of this investment came from the fact
5 that there will be several instances where
6 substations projects substations are being rebuilt
7 and contingency would be required to continue the
8 pace of construction identified in the substations
9 renewal program.

10 V. GANESANATHAN: Okay. Thank you. Let's move
11 on.

12 Can you please bring up the attachment to 2-
13 Staff-55B. It is an Excel file called "MS Priority
14 Score." If you actually could move to the first tab,
15 please. Thank you.

16 So I specifically want to understand Column C,
17 which is the HI score, health index score, that is
18 normalized to 250. So I am trying to reconcile asset
19 condition assessment aggregate health index for each
20 station with the health index provided here.

21 My understanding is that the ACA score is out of
22 100, where higher means better condition, while the
23 priority matrix held score is out of 250, where
24 higher means worse off condition; is that accurate?

25 U. KHAN: That is correct.

26 V. GANESANATHAN: So I was trying to convert the
27 ACA score by taking the inverse and normalizing to
28 250. Can you please bring up Exhibit 2B, Tab B,

1 Schedule 2, Appendix B, asset condition assessment,
2 page 174. I believe it is 824 on the PDF. Thank
3 you.

4 So you will see here the aggregate health index
5 for Edgehill is 75. So if you take the inverse of
6 that, we get 25 percent because that is out of 100,
7 and multiplying by 250, we get 62.5.

8 If you can flip back to the Excel spreadsheet,
9 please. So you will see the health index for
10 Edgehill is 92. That is the second row.

11 Can you please just walk us through how you
12 converted the ACA health index score into the
13 priority matrix health index?

14 U. KHAN: Subject to check, from what I recall,
15 the analysis is 100 minus the score, the health index
16 score, multiplied by 250, divided by 100.

17 V. GANESANATHAN: Can you explain why you would
18 divide by 100?

19 U. KHAN: That would be to normalize from 100 to
20 250.

21 V. GANESANATHAN: But the initial score from the
22 ACA has the condition assessment, and it is already
23 at 100, so why would you have to multiply it --
24 divide it by again -- by 100 after?

25 U. KHAN: That is something I would need to
26 verify.

27 V. GANESANATHAN: Would you be able to undertake
28 to check?

1 U. KHAN: Just to clarify, the undertaking is to
2 confirm the normalization process for the health
3 index in the prioritization score?

4 V. GANESANATHAN: That's correct.

5 U. KHAN: Yes.

6 T. HOBBS: That will be Undertaking JT-2.3.

7 **UNDERTAKING JT-2.3: Confirm the normalization**
8 **process for the health index in the**
9 **prioritization score**

10 V. GANESANATHAN: So in 2-Staff-50, same
11 question. Part D and E in the PDF. I am
12 paraphrasing here, so you can correct me if I am
13 wrong. It seems that the MS priority matrix is the
14 starting point for identifying stations that need
15 replacement, but operational constraints and/or
16 project-specific factors may change that.

17 Would it be accurate to assume that you
18 shortlist the stations based on the priority matrix
19 first? Shortlist in terms of those that are needed
20 for replacement.

21 U. KHAN: I just want to confirm the reference
22 for this.

23 V. GANESANATHAN: My apologies. I think it is
24 2-Staff-55, Parts D and E.

25 U. KHAN: And could you please repeat the
26 question?

27 V. GANESANATHAN: No problem.

28 Would it be accurate for me to say that the MS

1 priority matrix is the starting point of your
2 analysis on figuring out which substations require
3 renewal?

4 And from that point, you shortlist substations
5 and progress to later stages in understanding
6 operational constraints and project-specific factors?

7 U. KHAN: I believe that is a correct
8 characterization.

9 V. GANESANATHAN: Thank you.

10 So when you are shortlisting the substation
11 renewals, what is the cutoff score you would say,
12 after this point, these substations are of lower
13 priority? And if you don't have a specific score,
14 how would you make that determination?

15 U. KHAN: If I could point you to IR response 2-
16 Staff-54, the response to Part B. I just want to
17 explain that there is not necessarily a cutoff score
18 from the prioritization matrix.

19 Rather, as described in its response, Elexicon
20 developed the balanced investment option that has
21 been proposed to balance the risk from -- the failure
22 risk of these deteriorating assets with the cost of
23 performing the work and the investment plan rather
24 than having a specific cutoff for the prioritization
25 score as there are instances where the prioritization
26 score may be low given that it is a small subset of
27 assets that are driving the very poor and poor assets
28 within that station such as one of the investments in

1 the plan for Bigelow station where the very poor
2 cables are being replaced, but the prioritization
3 score is not -- is, subject to check, I believe 37.

4 And so it is a balance of things, not
5 necessarily just the prioritization score with a
6 cutoff that would determine which projects should be
7 included as part of the plan.

8 V. GANESANATHAN: So if I am understanding that
9 correctly, although it is a starting point, it is an
10 iterative process where just because you have a
11 cutoff or you shortlist certain renewable system --
12 substation renewal projects, you can still go back to
13 that list based on your answer in terms of the risk
14 and reliability?

15 U. KHAN: And in addition to balancing the risk
16 and the reliability, there are also operational
17 considerations where a station may have a high
18 priority score but would not be able to execute that
19 station until other capital investments are in place.

20 For example, Uxbridge West has the fourth
21 highest priority score, but the rebuild of that
22 station does not start until the end of the 2027 to
23 '31 period because additional investments in the
24 substation growth program, specifically the
25 construction of Uxbridge North to be in place to
26 provide the necessary contingency to rebuild Uxbridge
27 West.

28 And so these type of operational considerations

1 are also factored in when determining the timing of
2 projects.

3 V. GANESANATHAN: Let's move on. Can you please
4 bring up 2-Staff-55C and E. Specific to the
5 Herchimer and Cavan, would you agree the main driver
6 here is the voltage conversion program?

7 U. KHAN: It is a mix of drivers to decommission
8 the station, voltage conversion being one of them.

9 In the case of Cavan South, the station is
10 approximately 70 years old, well past its typical
11 useful life, and has deteriorating assets which also
12 feeds into the failure risk for that station.

13 Regarding Herchimer MS, similarly, the
14 transformer circuit breaker and switch gear have
15 exceeded their typical life.

16 V. GANESANATHAN: Would you agree that even if a
17 station has equipment that has past typical useful
18 life, can still operate for a good amount of time?

19 U. KHAN: Can you please clarify what you mean
20 by "a good amount of time" and "still operate."

21 V. GANESANATHAN: What I am trying to clarify is
22 can a station with equipment that is past its typical
23 useful life -- does it require immediate replacement
24 of or renewal of the station? Or in this case,
25 decommissioning the station?

26 U. KHAN: What I would say is that renewal or
27 decommissioning of stations is based on a variety of
28 factors, and eight of those factors we listed in the

1 prioritization framework that was outlined. So there
2 are reasons additional to the condition of the assets
3 that would feed into the renewal plan.

4 But specifically speaking to the condition of
5 assets, a station with significantly deteriorated
6 assets would significantly increase the failure risk
7 of that station, and depending on the contingency
8 that is available with nearby stations, there could
9 be prolonged outages to customers if not remediated
10 at an appropriate time.

11 V. GANESANATHAN: Thank you. Let's move on.

12 Can you please pull up 2-Staff-52, Part B, Table
13 2. So here, we have contingency assumptions for -- I
14 believe these are system expansion projects.

15 Can you confirm if you have any updated cost
16 estimates that would reduce the large contingency
17 amounts shown in the table?

18 S. LATIF: We don't have any further updates to
19 contingency at this time as these projects are in the
20 scoping stage, with the exception of Project Number
21 8, where we have the detailed design cost estimate
22 now available.

23 V. GANESANATHAN: Thank you.

24 I am trying to understand the interaction with
25 the contingency assumption with cost-estimate
26 accuracy. So you will see on line 9 on the same
27 page, cost-estimate accuracy is approximately
28 negative 30 percent to positive 50 percent.

1 So let's take Customer 9 as an example; the
2 contingency is 49 percent. So does that mean the
3 estimated project cost already includes the
4 contingency, and that project cost still can increase
5 another 50 percent more beyond that?

6 S. LATIF: To answer the first part of your
7 question, the project cost does include the
8 contingency. And I would like to refer you to 2-CCC-
9 22, where we have provided detailed spreadsheets for
10 all these projects with associated cost estimates.
11 If we can please bring that up? Can we just go to
12 Project Number 9 tab?

13 Just as an example here, in Column A we have the
14 type of asset in the installation or the line
15 expansion we are doing, the number of units and the
16 per unit cost and the total cost estimate for that
17 segment or the section. And then we have the total
18 cost at the bottom for all these different works
19 associated with that project.

20 Now in terms of Project Number 9, the 49 percent
21 contingency is reflective of that this customer
22 connection is dependent on the future assets, such as
23 the GTA East MTS. The capacity for this customer is
24 going to be enabled through GTA East MTS.

25 And, at this stage in time, we don't know
26 exactly the location of the station. We do know
27 approximately where the station could be. We have
28 some locations shortlisted. And on top of that,

1 there are highway crossings involved.

2 So given the fact that the location is not
3 determined, the routing can change. The feeder
4 expansion or the length of kilometres can vary, and
5 increase in the future, therefore the high level of
6 contingency.

7 Along with that, we also haven't completed
8 detailed field surveys, geotechnical analysis and
9 those kind of things. And once those are more
10 determined, then we will have a better cost estimate
11 for this project.

12 V. GANESANATHAN: Thank you. With regard to the
13 project, I believe you said it was Project 8
14 regarding the 25 percent contingency. That includes
15 detailed designs? Is that correct, Project 8?

16 S. LATIF: That is correct.

17 V. GANESANATHAN: Would you be able to just walk
18 us through why the contingency is still fairly high
19 given that they are later in the stage of the
20 project? Typically, we see around 5 to 15 percent
21 contingency for construction of projects of this
22 nature.

23 Would you be able to just walk us through the
24 risks that you are seeing to justify a high
25 contingency?

26 S. LATIF: So at this point in time, how the
27 process works is that we scope out a project with the
28 high level of contingency which is the preliminary

1 high-level plan. After that, it goes to a design
2 team who would assess the scope of the project,
3 conduct field surveys and then start the design
4 process in terms of the detailed design, where we
5 have then more closer to Class 2 estimate or Class 3
6 estimate available.

7 And then once that design estimate is completed
8 and the customer will be offered a more accurate
9 offer to connect, at that point the contingency will
10 be close to 10 percent or even lower, prior to going
11 into construction.

12 So in short, the materials are being ordered at
13 this point. They haven't all been fully ordered.
14 Therefore that 25 percent contingency at this point
15 in time.

16 V. GANESANATHAN: Just regarding the follow-up
17 in terms of the interaction between contingency and
18 the cost, the accuracy from what I gather you are
19 saying it is stacked on top. The contingency is
20 included in the project cost, but the project cost
21 can still vary based on what stage of the project or
22 how much the project has progressed?

23 S. LATIF: That is correct.

24 V. GANESANATHAN: And just another
25 clarification: So if we go back to the interrogatory
26 response? That is 2-Staff-55 -- sorry 2-Staff-52,
27 Part B. If you can keep scrolling, please? You can
28 stop there.

1 So this negative 30 percent to 50 percent
2 doesn't necessarily apply to all the projects, or at
3 least only to Project 8 it doesn't apply, as that
4 project has progressed; is that correct?

5 S. LATIF: Just to clarify the question you
6 asked, what you are stating is that negative 30 to 50
7 percent does not apply to Project 8. Did I hear that
8 correct?

9 V. GANESANATHAN: Yeah. From what I understand,
10 it is in the detailed design process which you
11 indicated has a better accuracy of project cost.

12 S. LATIF: It still somewhat applies since the
13 project is in a detailed design stage and all the
14 costs have not been figured out at this point because
15 the material has not been ordered, for example, and
16 things like that.

17 So there is still a range that applies, but not
18 necessarily it applies to a very -- to the 50 percent
19 extent. It is more like a more better cost estimate
20 at that point.

21 V. GANESANATHAN: Okay, thank you. Let's move
22 on to -- would you be able to bring up 2-Staff-58B?
23 So here, starting on line 18, consistent with the 24-
24 to 36-month lead-time window previously described,
25 windows for critical equipment orders that start once
26 the purchase order is initiated for a transformer
27 switchgear.

28 Question: This note was specific to substation

1 renewal project. Is it correct for me to assume this
2 is also the case for new station projects?

3 U. KHAN: Generally speaking, the procurement
4 timelines for transformers and switchgear would also
5 apply to the municipal stations as part of the
6 substations growth program, so a similar class of
7 station to the ones that are in the substations
8 renewal.

9 Some differences may occur in the substations
10 renewal depending on the type of transformer that you
11 are ordering or the type of switchgear, the voltage
12 class and et cetera. But generally speaking, yes.

13 V. GANESANATHAN: Thank you.

14 Would you be able to estimate the average time
15 between when the need for a new station is first
16 identified to when a purchase order for the equipment
17 is issued and accepted by the vendor?

18 U. KHAN: That would have to be assessed on a
19 case-by-case basis given the amount of preliminary
20 engineering that may be required prior to issuing out
21 a PO and having the equipment spec completed.

22 So that would depend on the type of equipment
23 and the voltage class that is being ordered. So I
24 can't say for certain, as a general statement.

25 V. GANESANATHAN: Okay. That is fine. Let's
26 move on. Can you please bring up 2-Staff-80, Part E.
27 Lines 12 to 13, the estimate assumes that three power
28 transformers will be procured. Just to clarify, the

1 project indicates it requires two transformers. So I
2 assume the third here is for a spare. Is that
3 correct?

4 U. KHAN: That is correct.

5 V. GANESANATHAN: Can you confirm if you have
6 already reached out to Hydro One to confirm that no
7 existing spares, spare transformers, are available
8 for them to be used?

9 U. KHAN: Elexicon has not reached out to Hydro
10 One to confirm if they have additional transformers
11 at this voltage level. And even if a transformer is
12 available, there is no certainty that that would be
13 provided to Elexicon in an emergency situation.

14 V. GANESANATHAN: Thank you.

15 Let's please pull up 2-Staff-40. Can you scroll
16 down? I am forgetting the part. I believe it is
17 Part C, actually. Yeah, you actually can go to
18 Tables 4 and 5.

19 There is a noticeable increase in outages caused
20 by defective switches in years 2024 and 2025. Do you
21 agree?

22 S. LATIF: Sorry. Did you say 2024 and 2025?

23 V. GANESANATHAN: My mistake. I think I am
24 referring to 2023 and 2024.

25 S. LATIF: Compared to the last two previous
26 years? Yes, there has been an increase.

27 V. GANESANATHAN: Have you identified the
28 reasons why these switches may be failing? Perhaps a

1 specific model, make or style?

2 S. LATIF: Yes, we have. And I will like to
3 point you to Exhibit 2B, Tab 4, Schedule 3, Appendix
4 G, page 37. Can we please bring that up?

5 We have a lot of these single insulator, inline
6 switches on our system. And they are prone to
7 failure due to tracking, over time. And we have seen
8 an increase in the frequency of these switches
9 failing over time. And as part of our overhead
10 system investment renewal plan, we are targeting on
11 replacing all of these switches over the 2027 to 2031
12 period.

13 V. GANESANATHAN: Thank you.

14 Can you please flip back to the same
15 interrogatory? So underground primary cables are
16 listed in the top five asset categories for defective
17 equipment outages in the last five years. It leads
18 for three of these five years. Do you agree?

19 S. LATIF: I agree, but I would like to point
20 out they have been one of the top five categories for
21 the last five years.

22 V. GANESANATHAN: Can you please bring up
23 Exhibit 2B, Tab 4, Schedule 3, Appendix F, page 36 of
24 49, Table 8. So that is Tab 4, Schedule 3, Appendix
25 F, page 36.

26 Yeah. If you look at Table 8, cable replacement
27 is about -- 70 percent of the work is happening in
28 2030 and 2031, and something similar for cable

1 injections. Do you agree, for the most part?

2 S. LATIF: Sorry. Just to clarify, when you say
3 "70 percent," do you mean in terms of the units?

4 V. GANESANATHAN: That is correct, yes, the
5 amount being replaced.

6 S. LATIF: I just also want to clarify, the
7 cable replacement units are in kilometres, whereas
8 the underground transformer switches are in terms of
9 the asset unit counts. I just wanted to clarify that
10 as well.

11 V. GANESANATHAN: So the question was specific
12 to cable replacement and cable injections.

13 S. LATIF: Subject to check, 70 percent might be
14 the correct proportion.

15 V. GANESANATHAN: Okay. At page 38, lines 16 to
16 19. So Elexicon states that it is:

17 "...implementing a phased approach that
18 prioritizes high-risk underground
19 infrastructure while incorporating lower cost
20 interventions such as cable rejuvenation where
21 viable. This ensures that investments are both
22 cost effective and targeted toward assets that
23 pose the highest risk of failure." (as read)

24 So in the context of reliability, can you please
25 explain why it would make sense to complete much of
26 the cable replacement work in the later years of 2030
27 and 2031?

28 S. LATIF: Can we please bring up page 41 of the

1 same appendix, and just focus on line 22 to 26? So
2 over here, we do specify in our pre-filed evidence
3 this is done knowing the fact that we have
4 investments within System Access and substation
5 growth that need to be made during that time period
6 in order to build up capacity and to address other
7 challenges and constraints on the system. Therefore,
8 these cable replacements are planned to be done in
9 the later part of the rate application period.

10 V. GANESANATHAN: Can you please just expand on
11 it from a resource and operational point of view of
12 why that would be prioritized in terms of available
13 resources and so forth?

14 S. LATIF: I would like to point you to page 37
15 of the same appendix. And there are three major
16 challenges associated with the pacing and the
17 execution of these projects. One is the resource
18 availability, the other one being system constraints.
19 If we are building a substation in an area and then
20 there are other contingency constraints, we can't be
21 executing the cable replacement projects at the same
22 time.

23 And the third is the investment constraints that
24 we need to balance our investments with the other
25 requirements in the other portfolios during those
26 years.

27 V. GANESANATHAN: Thank you. Let's move on. 2-
28 Staff-63, Table 4, please. For the 2031 forecasted

1 amount of 23.39 million in distribution capacity and
2 reliability enhancements, can you please provide a
3 breakdown of that cost into projects and specifically
4 identifying costs related to the GTA East TS and
5 separating that from unrelated projects?

6 S. LATIF: Sorry. Just to clarify the question,
7 the ask is to breakdown the \$23.3 million cost in
8 2031, just for GTA East-associated enhancements.

9 V. GANESANATHAN: Correct, and separating that
10 from the other project costs.

11 S. LATIF: I would like to refer you to IR
12 response 2-CCC-30, Part A, where we have -- I will
13 let the IR be brought up on the screen first, before
14 I go on.

15 So in this Table 1, we have the GTA East TS
16 feeder enhancements as one of the items, and the
17 associated cost with those enhancements.

18 V. GANESANATHAN: Are you able to provide a
19 further breakdown of that cost into feeder regress,
20 system ties and other downstream reinforcements?

21 S. LATIF: Can I also point you to the Part C of
22 the same IR response where we have provided by the
23 technology and the investments on the grid mod such
24 as the scale-enabled switches, CFCIs for 2031 year,
25 broken down by the type of technology.

26 V. GANESANATHAN: Just to clarify, is that
27 specific to the GTA East project? Or for all?

28 S. LATIF: That is overall, not just tied to the

1 GTA East project.

2 V. GANESANATHAN: Are you able to provide a
3 breakdown specific to the GTA East project?

4 S. LATIF: Yes, we can.

5 V. GANESANATHAN: And specifically breaking that
6 down into feeder regress, system ties and downstream
7 -- other downstream reinforcements?

8 S. LATIF: Just to clarify, when you say
9 "downstream reinforcements," what you are really
10 pointing to is any upgrades that we are making on the
11 switches and those kind of things? Or -- I am just
12 having a hard time understanding when you say
13 "downstream reinforcements."

14 V. GANESANATHAN: Further to any additional
15 upgrades further out on the local grid so the
16 existing wires equipment can handle the extra power.
17 So, yes, I would say yes.

18 S. LATIF: Okay. So just to clarify, the ask is
19 GTA East TS feeders are going to be connecting within
20 Ajax, Pickering, and the Whitby regions, and then any
21 downstream reinforcement that we are making on those
22 grids, that is what you would like to -- that is what
23 you would like to know information on?

24 V. GANESANATHAN: Correct.

25 S. LATIF: Yeah, that can be provided.

26 T. HOBBINS: That will be Undertaking JT-2.4.

27 **UNDERTAKING JT-2.4: Provide a breakdown specific**
28 **to the GTA East project AND ANY DOWNSTREAM**

1 **REINFORCEMENT THAT WILL BE MADE ON THOSE GRIDS**

2 V. GANESANATHAN: Can we pull up E1-PWU-3.

3 So Elexicon states that an inflation rate of 10
4 percent -- I believe it is page 2. I am not able to
5 point to the exact spot, but Elexicon states that an
6 inflation rate of 10 percent was applied to
7 substation investments. I believe it is Part C.

8 Can you please confirm how Elexicon determined
9 that a 10 percent inflation rate be applied to
10 substation renewal investment programs?

11 S. SHEEHY: Just to clarify, you are asking to -
12 - how we determined that 10 percent for substation
13 materials was appropriate?

14 V. GANESANATHAN: That is correct, yeah.

15 S. SHEEHY: If we could scroll up to page 1 of
16 this IR response and look at Table 2 specifically for
17 the station equipment increases, you can see the
18 compound average growth rates for the station
19 equipment in the range of 19 to approximately 27
20 percent.

21 For the substation materials in our inflation
22 rate, Elexicon used a conservative estimate of 10
23 percent to be applied to our substation materials.

24 V. GANESANATHAN: Thank you.

25 Before I pass it on to my colleague, I just have
26 one last question for Panel 2. If we could pull up
27 2-Staff-57. So this relates to Part C M, P, Q, and
28 R. Essentially -- we don't have to go to it if we

1 don't need to, but I am just trying to understand for
2 the old transformers that are proposed for
3 replacement, could you please undertake to confirm if
4 the following transformers are being scrapped or
5 rebuilt for potential service -- spare service,
6 rather: Cavan MS, Crandell, Herchimer, Cascade, and
7 Westney Heights.

8 U. KHAN: Just to clarify, are you looking to
9 understand whether -- once these stations are
10 decommissioned or rebuilt, whether the transformers
11 will be scrapped or if they will be used in some
12 manner such as spares or other ways?

13 V. GANESANATHAN: Exactly.

14 U. KHAN: A final determination at this stage
15 would be difficult to make given that once the
16 station is rebuilt or decommissioned, that equipment
17 would have to be tested and the condition of that
18 asset would have to be fully understood before
19 determining whether it can be repurposed as a spare
20 and put into the fleet.

21 And at that point, we would also compare to see
22 how many existing spares we have for that voltage
23 class and if an additional spare is required. And
24 that determination would have to be made following
25 condition assessment at the time of the unit being
26 available.

27 V. GANESANATHAN: Thank you.

28 I will pass it off to my colleague, Birgit.

1 **CROSS-EXAMINATION BY B. ARMSTRONG (OEB) :**

2 B. ARMSTRONG: Thank you.

3 Can you please bring up 4-CCC-38, Table 1 which
4 I believe is on page 2.

5 So Table 1, I am curious about the second line
6 item which is license, membership, and others for the
7 ASPE segment. And from the footnote, I understand
8 that "others" includes legal and administrative
9 support; is that correct?

10 S. SHEEHY: Yes, that is correct.

11 B. ARMSTRONG: So can you just walk me through
12 what legal support for this segment looks like? What
13 is included in that?

14 S. SHEEHY: Just so I am clear, you want me to
15 walk you through the legal support for the license,
16 membership, and other line item?

17 B. ARMSTRONG: Well, I think there is -- it is a
18 combination of three different things that is in this
19 cost element. I would also like you to undertake to
20 break those three things up into separate segments
21 and -- so we see what the cost items for licenses,
22 what it is for memberships, and what it is for legal
23 and administrative support.

24 I am just trying to understand what kind of
25 legal costs are included in this cost component. For
26 example, is it internal or external legal support?

27 S. SHEEHY: I will walk you through a breakdown
28 of the license, membership, and other category.

1 B. ARMSTRONG: Great.

2 S. SHEEHY: To give you some context. So that
3 includes items such as legal fees, so if there is any
4 legal items that the team needs to support or pay.
5 It varies on a case-by-case basis, but it contains
6 costs related to those legal fees. It also includes
7 items such as our ESA, Electrical Safety Authority,
8 fees.

9 We have licences for CAD, computer aided, you
10 know, drafting, CEATI, CYME, EDA memberships. Those
11 are some examples of what is included within that
12 line item.

13 B. ARMSTRONG: Okay. I am a bit curious the
14 technology cost drive, and that might go into Panel
15 2, that includes licenses and fees and things like
16 that.

17 Is there an overlap, or are they separate? I
18 just want to make sure we are not double counting.

19 S. SHEEHY: Subject to check with Panel 2, these
20 costs would be specific for these licenses and
21 memberships within APSE. There wouldn't be double
22 counting. This would be specific to this APSE cost
23 component table.

24 B. ARMSTRONG: Cost component. So they would
25 not be included in the technology cost drive?

26 S. SHEEHY: That is correct.

27 B. ARMSTRONG: Okay. Can you explain to me a
28 little bit what happened between '23 and '24 for that

1 cost driver, to and from?

2 S. SHEEHY: Just so I am clear, it is to explain
3 '23 to '24 for the license, membership, and other?

4 B. ARMSTRONG: Yes, like --

5 S. SHEEHY: For the --

6 B. ARMSTRONG: Like, where does the jump come
7 from, that peak, and then it goes down in '25, and
8 then it goes back up in '26, and it stays fairly high
9 compared to '23 and prior years.

10 S. SHEEHY: The reason for the increase in the
11 license, membership, other section within the APSE
12 table in 2024 were -- there was two factors.

13 One, there was a legal fee payment within 2024.
14 It was approximately, subject to check, around
15 \$90,000 in 2024.

16 And second, the ESA fees were historically split
17 from 2020 to 2023 between APSE in Table 1 and DS&C in
18 Table 2. Those fees were fully paid by the APSE team
19 in 2024. The reason it dips in 2025 is those fees in
20 2025 are split once again between APSE and DS&C;
21 however, on a go-forward basis, in the forecast from
22 '26 to '31, those fees are fully contained in the
23 APSE segment.

24 B. ARMSTRONG: Okay. So do we see a decline,
25 then, in the DS&C cost component for license cost and
26 others? Because it is high in '25, and then it goes
27 down, but it is also significantly higher than '24.

28 S. SHEEHY: Yes. If you look at Table 2 of DS&C

1 in the license cost and others in 2024, you could see
2 the drop given that APSE was paying the ESA fees that
3 year. It is then once again shared in 2025. And
4 then in the forecast period, it is fully covered by
5 the APSE cost component. That is why you see it
6 lower, raise, and then lower once again in the
7 forecast years.

8 B. ARMSTRONG: Oh, okay. Okay. Thank you.

9 Next question is on the third party contractors.
10 What -- can you explain the peak in '24 for that?
11 '24, '25?

12 S. SHEEHY: Yes. I would like to direct us to
13 4-Staff-106. Page 2 of 4, and the very top. So the
14 third party contractor increase is associated with
15 consulting work to support the planning activities
16 for the APSE team for the rebasing application, and
17 this work is then expected to be in line with normal
18 proportions in 2026.

19 B. ARMSTRONG: Okay. Thank you.

20 I think subject to anybody objecting, this might
21 be a good time to break for lunch before I continue.

22 T. HOBBINS: Okay. We will take the lunch break
23 now, and we will return in one hour. It will be
24 1:50.

25 --- Upon recessing at 12:52 p.m.

26 --- Upon resuming at 1:49 p.m.

27 T. HOBBINS: Okay. I believe we will get
28 started. It seems like everyone is here.

1 So we have OEB Staff up for about 25 minutes,
2 and then we also have some questions from CCC for
3 another approximately 20 minutes for Panel 1 before
4 we shift to Panel 2.

5 B. ARMSTRONG: Thanks.

6 I would like to go back to the same question,
7 actually, again. 4-CCC-38, Tables 1 and 2.

8 D. COBAN: We are just having some technical
9 challenges with the Zoom.

10 What I might suggest is we proceed without the
11 screen, the witnesses can pull it up on their end, if
12 we want to continue to make use of the time. If not,
13 we are doing a restart on the computer.

14 B. ARMSTRONG: It is up to you. I can keep
15 going, sure. Mind you, I don't have the numbers in
16 front of me on my screen, so let's just wait until
17 you bring it up.

18 D. COBAN: Okay. No problem.

19 B. ARMSTRONG: So just before lunch, you told us
20 that in 2024, you had a \$90,000 cost component for
21 legal fees; is that correct -- that is correct;
22 right? We just heard that.

23 Now, for '26, '27, and then '27 to '31, is the
24 \$90,000 of legal fees included year over year?

25 S. SHEEHY: The \$90,000 that I was referring to
26 in the license, membership, and other section of 2024
27 was a one-time event. There are costs for legal
28 support within the forecast. I can't recall the

1 specific amount at this time, but the 90,000 was a
2 one-time specific event in 2024 that was not
3 necessarily used throughout the forecast period.

4 B. ARMSTRONG: Okay. So can you please
5 undertake to just break it down into the three
6 components, license, membership, and others? So we
7 all have it for transparency.

8 S. SHEEHY: For the forecast period of 2027 to
9 2031 specifically?

10 B. ARMSTRONG: Yes.

11 S. SHEEHY: Yes, we can do that.

12 B. ARMSTRONG: Okay. And the same for Table 2,
13 is it only licensing costs and legal fees in Table 2?

14 M. MULTANI: Yes. For Table 2, for design and -
15 - system design and connections, we have the -- some
16 licensing cost, a portion of ESA fee, as well as some
17 legal support in the forecast.

18 B. ARMSTRONG: I am sorry, I couldn't hear you.

19 M. MULTANI: We have the licensing cost, such as
20 -- some ESA fee, and some legal support in the
21 forecast.

22 B. ARMSTRONG: So can you break that up as well?

23 M. MULTANI: Yes, we can provide that breakdown.

24 T. HOBBINS: Okay. So that will be Undertaking
25 JT-2.5.

26 **UNDERTAKING JT-2.5: PROVIDE BREAKDOWNS FOR THE**
27 **LICENCE, MEMBERSHIP, AND OTHER COSTS IN TABLES 1**
28 **AND 2 AT 4-CCC-38**

1 B. ARMSTRONG: Next question is the control
2 centre item that we have already discussed with Mr.
3 Gluck and Ms. Scott. But if you can bring up 10-CCC-
4 71 again as well as the CCC options analysis.

5 So I would just like to understand a little bit
6 more. I know we have talked about that there is
7 roughly an \$8 million discrepancy right now between
8 the total cost in 10-CCC-71 and the analysis.

9 I would like to understand how the control room
10 works right now and what you are changing going
11 forward with the new staffing plan. So how many
12 qualified operators do you need in the control room
13 at any time?

14 S. SADEGHI: To clarify, the \$8 million that you
15 made reference to, I would not characterize it as a
16 discrepancy. We took an undertaking to clarify why
17 there is a difference between the reference material
18 and what is in the updated evidence.

19 B. ARMSTRONG: That is fine.

20 S. SADEGHI: With respect to your question
21 regarding how many qualified operators are needed at
22 a given time, I will start off by saying that
23 mathematically, in order for us to have 24/7 coverage
24 with minimum of two qualified operators, that means a
25 resource compliment of just around 11 qualified
26 operators from a resource pool perspective. More
27 specifically, the minimum number of qualified
28 operators that we would like to have at a shift would

1 be two.

2 That being said, that number could be higher
3 depending on the operational demand of the day. If a
4 day with a lot of switching orders or a lot of field
5 activity, that may require a higher number of
6 qualified operators. Additionally, during emergency
7 situations, that number could be significantly
8 higher.

9 B. ARMSTRONG: So at a minimum, two. And at a
10 maximum, what would be the number?

11 S. SADEGHI: To clarify, the minimum two is our
12 operational desire, but we would need to have minimum
13 one qualified operator at any given shift; however,
14 operationally, we would like to have two.

15 The maximum number of qualified operators, I
16 will have to take an undertaking on that because I
17 believe that the maximum number would actually be
18 limited with the number of physical work stations
19 available for the qualified operators.

20 B. ARMSTRONG: Yeah. That is fine. Maybe I
21 will go through the rest of my question, and then we
22 will do the undertaking at the end.

23 S. SADEGHI: Sounds good.

24 B. ARMSTRONG: So if you have one, or say two,
25 how long is a shift and how many shifts does one
26 operator do?

27 S. SADEGHI: Shifts can vary anywhere between 8
28 to 12 hours. The number of hours that an operator

1 during normal condition works, subject to check,
2 would be 40 hours per week; however, considering the
3 significant resource shortfall that we currently have
4 at Elexicon's system control centre, that number is
5 higher.

6 B. ARMSTRONG: The hours per shift?

7 S. SADEGHI: Sorry, can you repeat?

8 B. ARMSTRONG: I am sorry, which number is
9 higher? Of the 40 hours per week, or per shift? I
10 would think there might be a maximum per shift.
11 Right?

12 S. SADEGHI: You are correct. There is a
13 maximum number of hours that an employee can work in
14 accordance with the *Employment Standards Act*.

15 B. ARMSTRONG: And what is that?

16 S. SADEGHI: I will have to take an undertaking
17 for that.

18 B. ARMSTRONG: We will add that.

19 T. HOBBINS: So this will be Undertaking JT-2.6.

20 **UNDERTAKING JT-2.6: TO PROVIDE THE MAXIMUM**
21 **NUMBER OF HOURS AN EMPLOYEE CAN WORK IN**
22 **ACCORDANCE WITH THE *EMPLOYMENT STANDARDS ACT*,**
23 **AND THE MAXIMUM NUMBER OF QUALIFIED OPERATORS**
24 **ELEXICON WOULD HAVE ON ANY GIVEN SHIFT**

25 B. ARMSTRONG: And we had the undertaking from
26 before.

27 T. HOBBINS: Right. So that would include, I
28 believe, the max number of control room staff.

1 B. ARMSTRONG: Yes.

2 T. HOBBS: In addition to the *Employment*
3 *Standards Act* maximum duration of a shift.

4 S. SADEGHI: Just to clarify, my understanding
5 was that the ask was for the maximum number of hours
6 allowable for a qualified operator to work in a week,
7 compared to the 40 hours a week? Or are you asking
8 for the maximum number of hours allowed to work in a
9 shift?

10 B. ARMSTRONG: In a shift.

11 S. SADEGHI: In a shift. You are correct, thank
12 you.

13 B. ARMSTRONG: And then how far out do you plan
14 your shift schedule?

15 S. SADEGHI: Subject to check, the shift
16 schedule is based on a rotating, forward-looking 10-
17 week schedule.

18 B. ARMSTRONG: And I am assuming right now you
19 are bringing in contractors in order to manage.
20 Right?

21 S. SADEGHI: Correct.

22 B. ARMSTRONG: From what I see from the
23 evidence. Okay. Now, I would like to talk a little
24 bit about the responsibilities of the system operator
25 as it currently stands, and then with the new
26 staffing plan, because there is a whole bunch of
27 additional staff you are bringing in that is
28 supportive staff from what I understand.

1 So how does the role of a system operator change
2 and how does the role of the supervisor change?

3 S. SADEGHI: As we are looking to increase the
4 number of system operators in the control room, there
5 are no plans to change the roles of the operators and
6 the supervisors. We are merely looking to increase
7 the resource complement to ensure that we have
8 sufficient coverage.

9 B. ARMSTRONG: Okay. Then help me to understand
10 what the dispatch function is, or who fulfills that
11 dispatch function right now? Because, from my read,
12 it was that it is being fulfilled by a supervisor
13 right now. But if you are adding, what is it, two
14 dispatchers?

15 S. SADEGHI: That is correct. We are adding two
16 dispatchers.

17 B. ARMSTRONG: Right. So if you add two
18 dispatchers and somebody else filled the role of
19 dispatch previously, wouldn't it follow that the
20 person who is currently doing it, their
21 responsibilities will change?

22 S. SADEGHI: To clarify, the role of a
23 dispatcher right now is being carried out by the
24 qualified operators and apprentices, not by the
25 supervisors.

26 B. ARMSTRONG: Okay.

27 S. SADEGHI: As we look to increase the number
28 of qualified operators and apprentices in the system

1 control centre, the function of dispatch is not being
2 eliminated from the job description of the qualified
3 operators; they will still be able to perform the
4 function. However, by adding two dedicated
5 dispatchers, we will give the operators the ability
6 to focus on operating the grid.

7 I would also like to bring us to Exhibit 10, Tab
8 2, page 10, line 23. As you would see in the
9 evidence, by adding the dispatchers we will improve
10 the operational efficiencies by enabling better
11 coordination and task logistics in the SCC, which in
12 turn will enable the qualified operators to focus on
13 activities requiring their specific qualifications
14 and operational authority.

15 B. ARMSTRONG: I understand that. So, right
16 now, your qualified operators are doing the dispatch
17 as well as doing their specific qualifications and
18 operational authority. How much, percentage-wise,
19 does a dispatcher in his shift spend on -- does an
20 operator right now spend on dispatch?

21 S. SADEGHI: It is very difficult to quantify
22 the percentage of time that a qualified operator
23 spends on dispatch activities, as it very much
24 depends on the volume of trouble calls and system
25 failures that are occurring on that day. What I can
26 tell you is during high-volume events, such as
27 storms, that could become a significant spend of time
28 on dispatching activities, which will then deter the

1 operator from focusing on their core
2 responsibilities.

3 B. ARMSTRONG: Yeah. What I am kind of
4 thinking, and I can imagine how stressful it must be
5 for a system operator, especially if you have a wind
6 event or a storm event when they have to do
7 everything at the same time; I get that.

8 What I am trying to get to is with your new
9 staffing plan, I would assume that some of the time
10 will be freed up, first of all, for them to focus on
11 what they need to focus on, but also time-wise,
12 right?

13 They will be -- so going back to, and I know Ms.
14 Scott touched on this yesterday, you have forecasted
15 quite a bit of overtime. And that is in 4-Staff-08.
16 You continue to forecast quite a bit of overtime in
17 the forecast period.

18 And my question is wouldn't the staffing
19 complement, the addition of dispatchers, all this
20 support staff in order to alleviate some of that
21 stress from your operators, cut down a little bit on
22 the overtime? Regardless of the apprentices -- we
23 are talking with qualified operators now.

24 S. SADEGHI: I would like to look at Tab 2 of
25 Exhibit 10, Schedule 1, page 7 of 15, Figure 1,
26 please. I will use this figure to help answer your
27 question.

28 As you would see in this table, the list of

1 activities that an apprentice is cleared to do is
2 very limited when you are looking at a Level 1, Level
3 2, Level 3. And it is really starting at Levels 4
4 and 5 that we will see the benefits of an apprentice
5 taking on work and reducing the work of a qualified
6 operator. As a result of that, we are expecting the
7 overtime to continue to --

8 B. ARMSTRONG: I understand that. We had that
9 same answer yesterday, but that is not quite what I
10 am asking, right? I am asking if your qualified
11 operators will get a bit of a break in order to do a
12 little bit less overtime, because I remember that
13 answer from yesterday. And that is not what I am
14 asking.

15 S. SADEGHI: We do expect that the additional
16 resources that we bring in will help with the
17 reduction of overtime as well as a better work-life
18 balance which will lead to our ability to retain this
19 highly qualified resource type.

20 B. ARMSTRONG: So if we go to 4-Staff-08 --
21 okay, can we get rid of the pop-up?

22 T. HOBBS: Sorry, is that on your -- no, that
23 is not.

24 B. ARMSTRONG: Can we bring the IR back up?

25 So in terms of overtime, I don't really see any
26 reductions that I would expect based on that staffing
27 plan. I see increases in overtime. So can you just
28 elaborate on that in light of your answer?

1 S. SADEGHI: We will take that as an undertaking
2 to provide an explanation about why there is an
3 increase in overtime between '27 to 2031.

4 B. ARMSTRONG: Thank you.

5 T. HOBBS: That will be Undertaking JT-2.7.

6 **UNDERTAKING JT-2.7: TO PROVIDE AN EXPLANATION AS**
7 **TO WHY THERE IS AN INCREASE IN OVERTIME BETWEEN**
8 **2027 AND 2031**

9 B. ARMSTRONG: And my last question for this
10 segment is does Elexicon's grid modernization plan
11 impact on the workload of a system operator at all or
12 -- if so, how does it impact?

13 S. SADEGHI: I would like to refer to page 4 of
14 Exhibit 10, Tab 2, Schedule 1. It is between lines 4
15 to 8.

16 As you can read in the evidence, the role of a
17 qualified operator includes the monitoring and
18 operation of the SCADA and distribution management
19 platforms to monitor the grid. And, as we modernize
20 the grid and add additional intelligent devices that
21 will then feed information back to the control room,
22 the qualified operators would actually have
23 additional data points on their screens to be looking
24 at.

25 B. ARMSTRONG: So it a bit more work for them,
26 not less?

27 S. SADEGHI: It would be additional data points
28 which will translate to more work.

1 B. ARMSTRONG: Okay, thank you.

2 S. SADEGHI: Thanks.

3 B. ARMSTRONG: Next question: Substation
4 maintenance, it is 4-CCC-42 and 4-Staff-116. If we
5 can go to CCC-42 first, Table 1 on page 2. Thank
6 you.

7 I have just noticed that your third-party
8 contractor costs are going up from 380,000 up to
9 740,000 in '26. I am ignoring the spike for the
10 vandalism, the spike and the drop, because I
11 understand what happened there. But then you are
12 keeping it at close to a million for the remainder of
13 the test period.

14 And I am -- and I notice that in 4-Staff-16 on
15 page 2, you said that in addition to additional
16 staff, you are:

17 "...using contractors to address broader scope
18 of deficiencies, increased maintenance for
19 aging assets, growth in P&C maintenance
20 activities for the Seaton municipal transformer
21 station and incremental maintenance
22 requirements associated with newly commissioned
23 stations."

24 Can you please elaborate on what you mean by
25 "broader scope of deficiencies"?

26 U. KHAN: By 2031, it is expected that the
27 percentage of assets in the substation asset base
28 that are past their typical useful life or

1 approaching their typical useful life will increase
2 from today's asset base percentage.

3 And the proportion of assets that are now past
4 their typical useful life and approaching their
5 typical useful life, given that those are higher, it
6 is expected that during routine maintenance more
7 deficiencies could be identified to address, as would
8 be identified by either planned maintenance cycles or
9 during monthly inspections.

10 And it is expected that because of the
11 percentage increasing, there would be more
12 deficiencies that would need to be addressed.

13 B. ARMSTRONG: Can we go back to 4-CCC-42, just
14 so I see the numbers in front of me here? So do you
15 expect this to be gradual deterioration? Because
16 from what I can see in '27, it goes up high and it
17 stays fairly high, with a slight increase over the
18 remaining four years. Or do you expect that by the
19 end of the test period, that it will be ramping up?

20 And if you also want to add to that, just
21 explain to me the 2025 cost for third party
22 contractors because that seems fairly low given what
23 you describe.

24 U. KHAN: To answer the first part of your
25 question about the ramp-up of deterioration, the
26 ramp-up of deterioration, while it is gradual you are
27 pointing to the costs for subcontractor from '27
28 onwards.

1 And as you had mentioned in your comment when
2 referring to Staff-116, another reason for the costs
3 driving up in addition to the deterioration of assets
4 is also the costs of subcontractors increasing is
5 another reason for the costs driving up.

6 To answer your second part of the question for
7 2025 costs, in CCC-42 response, there is actually an
8 insurance payout from the vandalism incident.

9 B. ARMSTRONG: Okay.

10 U. KHAN: That is causing the '25 numbers to be
11 much lower than subsequent years.

12 B. ARMSTRONG: Okay. Thank you. And then a
13 last question on that topic: Do you have a
14 percentage of the 2027 costs that are related to
15 incremental maintenance requirements associated with
16 newly commissioned stations? And is that the Seaton
17 station?

18 U. KHAN: Seaton is one of the new stations that
19 have recently been constructed. The costs
20 specifically for Seaton have not been broken out as
21 it pertains to its labour costs and other costs. So
22 that has not been specifically extracted as a
23 percentage of the 2027 costs.

24 B. ARMSTRONG: Okay. That is fine. Let me go
25 on to the next question about vegetation management.
26 And I know we had this discussion yesterday as well,
27 so I am just trying to shed a little bit more light
28 on it. It is 4-CCC-44 and 4-Staff-117.

1 And in 4-CCC-44, you note that you have not yet
2 established a quantitative efficiencies savings for
3 the 2027 to '31 OM&A forecast period as a result of
4 the switch to the AI technology, which is LiDAR, and
5 the transition to the feeder approach.

6 In response to 4-Staff-17B, you state that
7 efficiency gains, that you have not yet established
8 quantitative efficiency gains, again. But that you
9 also say that these efficiency gains, together with
10 benefits expected from Dx NEXT through the
11 integration of advanced analytics and predictive
12 modelling into the planning process, you are
13 anticipating to help offset program cost pressures
14 arising from the increased volume of vegetation
15 management in the forecast period.

16 Now, also in 4-Staff-17C, you are forecasting a
17 1 percent increase in vegetation management cost to
18 due to a 0.73 percent annual increase in primary
19 distribution circuits. And you confirm that the new
20 subdivisions are based on underground loops, so I am
21 assuming that the underground loops do not
22 significantly impact your vegetation management
23 costs. Is that correct?

24 S. LATIF: That is correct, the underground
25 loops do not impact the vegetation management cost.

26 B. ARMSTRONG: Right. So am I correct in
27 assuming that we are looking at a 1 percent increase
28 annually in vegetation management cost due to the

1 increase in distribution line, the primary
2 distribution circuits?

3 S. LATIF: That is correct, subject to check.

4 B. ARMSTRONG: Yeah. So if I look at the table
5 in 4-CCC-44, those costs increase by more than 1
6 percent; is that correct?

7 S. LATIF: Is there a specific line item are you
8 referring to, or are you talking generally --

9 B. ARMSTRONG: Well, I am talking total cost. I
10 mean, I am assuming that your AI technology is making
11 a dent in there. It is a half a million, give or
12 take, for the test year period; is that correct?
13 That is one of the major cost drivers?

14 S. LATIF: That is correct.

15 B. ARMSTRONG: Now, I am trying to understand
16 the technology a little bit more. Are you rolling it
17 out as a pilot, or are you rolling it out over your
18 whole area? What area are you targeting
19 specifically? And what are the benefits?

20 Because from your answers, there doesn't seem to
21 be any efficiency gains at least in the test period.

22 S. LATIF: Can we please pull up Exhibit 4, Tab
23 1, Schedule 4, page 57. And on line 8 to 17, we kind
24 of specify about what does the technology do and the
25 benefits associated with that.

26 And also we talk about that we will be doing a
27 full scan pilot in 2027. That means the entire
28 service territory of Elexicon will be scanned in

1 2027. And full implementation meaning that once we
2 resolve all the issues, because we also have to work
3 with the vendors in order to identify our clearance
4 issues, what specs do we need, and based on that,
5 those mappings are done.

6 So once those issues are sorted out in 2027, a
7 full rollout will be implemented as a -- go-forward
8 basis as a permanent fixture within the plan.

9 B. ARMSTRONG: After 2027?

10 S. LATIF: That is correct. Starting 2028, we
11 have a full rollout across the forecast period.

12 B. ARMSTRONG: Right. So if we go back to CCC-
13 44, I would have expected your reactive trimming
14 after that to go down bit, or is it going up because
15 of the technology identifying?

16 S. LATIF: So we do anticipate tree trimming
17 requirements, also the volume of vegetation
18 management, to go up as we roll out the technology.
19 The encroachment zones are going to be identified by
20 this technology.

21 However, given that we don't have any mapping
22 completed on our system, we have very limited data to
23 really quantify the savings of this technology. We
24 did work with the vendors in order to identify that
25 based on our reliability and some of our assets, but
26 the results were inconclusive.

27 A lot of the peer utilities are also piloting
28 this technology at this point, and some of those

1 utilities have had good savings. But there is not a
2 lot of information and data available at this point
3 as this technology is new, and a lot of the utilities
4 are in the same --

5 B. ARMSTRONG: But intuitively, wouldn't you
6 expect that reactive tree trimming goes down? At
7 least by the end of the period?

8 S. SADEGHI: We would like to confer as a panel,
9 please.

10 S. LATIF: So reactive trimming costs are not
11 just associated with planned vegetation management.
12 There are other factors such as weather and other
13 considerations if there are storm events. So those
14 costs can go up, and they are related to outage
15 restoration as well.

16 The second thing I would like to point out is
17 that Elexicon has a portion of rural territory, and
18 that territory is very hard to maintain. There is a
19 volume of vegetation management required in those
20 territories quite higher comparatively.

21 And the third thing is that, given that we have
22 very limited experience with this technology, it is
23 really hard for me to speculate if those costs are
24 going to go up or down.

25 B. ARMSTRONG: Yeah. But you do expect
26 efficiency savings eventually. Otherwise, why do it;
27 right?

28 S. LATIF: Ultimately, yes, in the long run, we

1 anticipate that this technology is going to result in
2 efficiencies.

3 B. ARMSTRONG: Have you checked with other
4 utilities about their experiences with this
5 technology?

6 S. LATIF: Yes, we did. They did share that
7 they have had cost savings on that. But given that
8 this peer utility topography or the geography of the
9 utility is quite different than us, so it is not that
10 one is to one transferrable that I can say if they
11 saved 15 to 20 percent, we can anticipate the same.

12 And also this utility just started on this
13 program itself, so they have been doing it for a year
14 or two only.

15 B. ARMSTRONG: So it is only one utility you
16 checked with?

17 S. LATIF: That is the only one I am aware of.

18 B. ARMSTRONG: Okay. Thank you very much. That
19 is all my questions.

20 T. HOBBINS: Okay. Thank you.

21 I believe we have Mr. Gluck.

22 J. SCOTT: Just -- it's Jane Scott. Just before
23 you leave that slide, I think Table 1 and Table 2
24 don't seem to align. Maybe Elexicon can let us know
25 which one is -- the LiDAR in 2027 is not the same
26 charge.

27 S. LATIF: Ms. Scott, I believe the Table 2 is
28 misaligned. There is a section of LiDAR and spot

1 trimming that kind of shifted over into 2025, the
2 column --

3 J. SCOTT: So it has just shifted over, is it?

4 S. LATIF: That is correct.

5 J. SCOTT: Okay. Thank you.

6 **CROSS-EXAMINATION BY L. GLUCK (CCC):**

7 L. GLUCK: Good afternoon, Panel. Sorry about
8 this. I thought this question was going to be for
9 Panel 2, but I understand it is for you.

10 So if we could open up 1-CCC-8, Attachment 1,
11 please. It is an Excel spreadsheet.

12 So my understanding of this sheet is that on the
13 left-hand side, the gross cost is showing the budgets
14 -- the capital budgets for each year prior to the
15 application of the inflation for each year of the
16 term. Is that a correct understanding?

17 S. SHEEHY: Yes, the columns on the left, C
18 through G, are the gross cost before inflation and
19 excluding overhead allocation as well.

20 L. GLUCK: Okay. Thank you.

21 So I want to make sure I understand how it would
22 work. So if I were looking to calculate the 2027
23 capital budget inclusive of inflation, I would take
24 the -- you will see there is 175.1 million in the
25 total of Column C, and then I would multiply that by
26 the 3.9 percent weighted average shown in U24. Is
27 that how I would do it?

28 S. SHEEHY: The intent of the weighted average

1 inflation rate, the 3.9 percent in Column U, was to
2 show the magnitude of the inflation rate across all
3 of the investment programs. If you wanted to see the
4 exact 2027 capital program, that would be --
5 inclusive of inflation and overhead allocation, that
6 would be within our Distribution System Plan.

7 I would have to confirm if adding 3.9 percent to
8 175, which also doesn't include overhead allocations,
9 would get you to the total amount.

10 L. GLUCK: So could I -- maybe I will just do
11 this at a higher level. What I am trying to do, what
12 I would like to be able to do, is to use a schedule
13 like this and apply different inflation factors or
14 inflation rates in different years.

15 So I had thought -- you know, the question I had
16 asked for is to show me the inflation that is built
17 in into your capital plan in each year, and I had
18 thought this would allow me to do that.

19 So, you know, just as an example, instead of
20 applying 3.9 percent of inflation in 2027, I would
21 apply 2 percent and come up with a different number.
22 So if this doesn't allow me to do that, that is
23 actually what I was looking for.

24 S. SHEEHY: Just to clarify, if you look at the
25 inflation rate applied, so Column I through M, those
26 are the inflation rates that were applied to each
27 investment program over the 2027 to 2031 period.

28 L. GLUCK: Sure. And so presumably, the

1 weighted average inflation rate on the far side would
2 work if that is correct; right? Because that is the
3 inflation rate applied to each capital budget, and
4 then you are weighting by the value, the dollar
5 value, across each of those programs, and then I
6 should be able to do -- I should be able to take the
7 weighted average rate and apply it the total. It
8 should work. But I am not sure if you are telling me
9 that it would work or not.

10 S. SHEEHY: I would characterize the weighted
11 average rates, the 3.9 percent to the 5.18 percent,
12 as a reference only on the overall inflation rate
13 impact. But it is the individual inflation rates
14 applied to each program that would get you to that
15 total cost amount.

16 L. GLUCK: Okay. So if I were to -- let's just
17 make sure I understand. Let's take the externally-
18 initiated plant relocations, that is Row 5C, 5, and I
19 multiply that by 2 percent, that would give me the
20 2027 capital budget for externally-initiated
21 relocations inclusive of inflation, but not with
22 capitalized overheads; is that right?

23 S. SHEEHY: Correct. And it is excluding the
24 overhead. So you would need the overheads allocation
25 embedded within that to then have the 2 percent to
26 get you to that total externally-initiated plant
27 relocation budget.

28 L. GLUCK: Sure. And then for 2028, what I

1 would do is I would take the 7.76 million, so the D5,
2 and I would multiply that by 2 percent, and then get
3 that value, and then multiply it by 2 percent again
4 to get the 2028 value? Is that how this table works?

5 S. SHEEHY: Yes. With overhead allocations also
6 applied to 2028.

7 L. GLUCK: Okay. No, I understand that.

8 So then what I am going to need is the overhead
9 allocation and the inflation rates for that by -- so
10 I need the overhead capitalization applied to each
11 program in each year and the inflation rates that are
12 relevant to those -- those numbers, and then I could
13 do what I was trying to do with this table. Is that
14 something you could provide?

15 S. SHEEHY: So this question originally was
16 answered with the inflation rate. So it sounds like
17 you now want a twist. You want the overhead
18 allocation by program identified as well; right?
19 Just so I am clear, you want to get the overheads
20 applied to each program?

21 L. GLUCK: The easiest thing for me is if you
22 would provide a table that includes -- that is
23 similar to this that includes the overhead
24 allocations applied to each program. And then I
25 understand that the inflation rate applied to each
26 program may change because the overhead allocations
27 may have different inflation rates than what is in
28 the underlying program. So that would be the best

1 thing for me. And if you are willing to provide
2 that, I would appreciate it.

3 D. COBAN: I think if we are getting into
4 looking at the overhead allocation and really
5 understanding how that works within this table, that
6 is a Panel 2 question. So I am hesitant to give you
7 that undertaking without giving Panel 2 the
8 opportunity to help take you through any nuances that
9 you might need to understand.

10 L. GLUCK: Okay. Okay. Thank you. I
11 appreciate it.

12 T. HOBBINS: Those are all of your questions,
13 Mr. Gluck? Okay.

14 We actually have one -- a couple of other
15 questions from OEB Staff for this panel. We just
16 skipped over those accidentally. So I will pass it
17 back to OEB Staff for approximately 15 minutes of
18 additional questions.

19 **CROSS-EXAMINATION BY S. JIA (OEB):**

20 S. JIA: Thank you.

21 Good afternoon. My name is Serena Jia, advisor
22 of the performance analytics and reporting team. I
23 have a few questions in respect of APB unit cost.

24 Can we please pull up the IR response 2-CCC-9,
25 Table 8 and 10. Yeah, there we are.

26 So looking at Table 8, it indicates that the O&M
27 proposed increased from 0.9 in 2024 to 70.6 in 2025.
28 This represents a more than 7,000 percent increase

1 and is approximately more than 400 percent above the
2 selected peer group average provided in Exhibit 1.

3 So could you please explain the key drivers
4 behind this increase and undertake to provide a
5 detailed breakdown.

6 S. SHEEHY: I can explain the source of that
7 variance for you now. So focusing on 2025 and that
8 70.6 increase, there are three main drivers
9 associated with that.

10 The first was a March 2025 ice storm in
11 Gravenhurst which had approximately 1.1 million of
12 costs that went into this component.

13 The second was historical pole testing costs
14 that were previously capitalized. It was determined
15 that these costs should be OM&A. That led to an
16 approximately \$800,000 increase within this
17 component.

18 And the third and final one was a \$600,000
19 transfer of reactive capital costs to OM&A. Those
20 costs were originally deemed to be capital but later
21 determined to be OM&A.

22 And these three line items triggered the source
23 of this variance in 2025 which is more of an anomaly
24 compared to the historical averages year over year.

25 S. JIA: All right. Thank you.

26 So can we please scroll down a bit -- a little
27 bit to Table 10. Yeah. Thank you. So here, it
28 shows that the CapEx proposed addition increased by

1 74 percent from 2024 to 2025 and is about 170 percent
2 above the selected peer group average provided.

3 Can you please explain the factors contributing
4 to this increase and undertake to provide a breakdown
5 by capital project?

6 S. SHEEHY: Yes, I can explain the source of
7 that variance for you now.

8 S. JIA: Sure.

9 S. SHEEHY: There are two factors leading to the
10 74 percent increase in 2025 for the Table 10.

11 The first was two steel poles that were
12 installed at Brock Road and the 401 in Pickering.
13 This was a 401 road crossing that led to -- the cost
14 of each pole was slightly more than a million dollars
15 each. So two poles at \$2 million skewed the per unit
16 cost.

17 And the second was the March 2025 ice storm in
18 Gravenhurst contributed approximately 2.6 million in
19 costs to this section.

20 Those two items triggered the 74 percent
21 variance year over year.

22 S. JIA: Thank you.

23 So moving on to my next question, can we please
24 bring up the IR response to 2B-SEC-63, Table 2?
25 Thank you.

26 So unit costs per pole replacement are
27 calculated by dividing total expenditures in Table 2
28 by the number of poles replaced in Exhibit 2B. On

1 this basis, costs are relatively low in bridge years,
2 approximately 25K in 2025 to 2026, followed by a
3 sharp increase to over 75K in the forecast period.

4 Specifically, wood pole replacement unit costs
5 rise by 63 percent in 2027 and a further 128 percent
6 in 2028? Could you please explain the drivers of
7 these fluctuations and the basis of the forecasted
8 unit cost?

9 S. LATIF: I believe there are rear lot asset
10 conversion costs that are built into those wood pole
11 costs within this table. We can take this away and
12 provide you the breakdown of that.

13 S. JIA: Sounds good. Thank you. I will now
14 pass it on to my colleague for a follow-up question.

15 T. HOBBINS: Sorry, so do we have an undertaking
16 there?

17 D. COBAN: Yes.

18 T. HOBBINS: Okay. That will be JT-2.8.

19 **UNDERTAKING JT-2.8: To explain the drivers of**
20 **wood pole replacement unit-cost fluctuations and**
21 **the basis of the forecasted unit cost**

22 V. GANESANATHAN: I just had a follow-up
23 regarding the comment about capitalized costs that
24 should have been OM&A. The question about the
25 capitalized costs that should have been OM&A
26 regarding the pole replacements, can you confirm that
27 those capitalized costs have been removed from
28 opening rate base.

1 S. SHEEHY: Sorry? What was the second half of
2 your statement. I couldn't hear that, sorry.

3 V. GANESANATHAN: That is not included in rate
4 base.

5 D. COBAN: I think this question might have come
6 up yesterday, and we punted it to Panel 2, who is
7 able to speak to all those financial models.

8 V. GANESANATHAN: Thank you.

9 T. HOBBINS: Okay. So I believe that concludes
10 all the questions for Panel 1. So if we would like
11 to bring in Panel 2 and take appearances, we could do
12 that.

13 D. COBAN: We are going need a bit of time to
14 transition.

15 T. HOBBINS: Sure.

16 D. COBAN: Can we take a 10-minute break, five
17 or 10 minutes?

18 T. HOBBINS: Okay. Yes.

19 T. FEARON: To 3:20.

20 T. HOBBINS: So we will return at 3:20.

21 --- Upon recessing at 3:07 p.m.

22 --- Upon resuming at 3:19 p.m.

23 T. HOBBINS: I think we will get started here.
24 So I am proposing that we take until 4:30 with Mr.
25 Gluck's questions. And then we will adjourn for the
26 day. I will skip the afternoon break, if that is all
27 right. Okay.

28 And Ms. Coban, if you could introduce your

1 panel?

2 D. COBAN: Sure thing this is Panel 2 as
3 indicated in the letter that Elexicon filed on June
4 10. And I will ask each of the panelists to
5 introduce themselves, their title, and their
6 responsibilities on this panel, starting with you.

7 S. VETSIK: My name is Stephen Vetsis. I am a
8 VP of regulatory affairs and stakeholder relations at
9 Elexicon. I will be speaking to various elements of
10 the application, customer engagements, energies
11 planning as well as the regulatory stakeholder and
12 legal and governance OM&A segments.

13 B. WALKER: Good afternoon. My name is Brad
14 Walker, vice president, people and culture. Sorry
15 about that.

16 My name is Brad Walker, VP of people and culture
17 and corporate services, responsibilities for OM&A,
18 people and culture, facilities and procurement,
19 capital with respect to fleet facilities, tool and
20 equipment, and workforce and compensation.

21 Z. ISLAM: Good afternoon. My name is Zubair
22 Islam, director of financial planning and analysis.
23 I will be speaking to various financial matters.

24 K. ROMANO: Good afternoon. My name is Kriston
25 -- the last name is Romano. I am the vice president
26 of customer experience at Elexicon. And I am here
27 today in support of the customer service area as well
28 as the AMI metering program.

1 L. FROST-HUNT: My name is Lincoln Frost-Hunt.
2 I am the vice president of digital and innovation.
3 And I can talk to you about topics covering
4 information technology, operational technology which
5 includes the technology components of grid
6 modernization as well as Dx NEXT.

7 T. HOBBS: Okay. I will pass it to Mr. Gluck.

8 **PANEL 2**

9 **CROSS-EXAMINATION BY L. GLUCK (CCC)**

10 L. GLUCK: Good afternoon, panel. My name is
11 Lawrie Gluck, and I am a consultant for the Consumers
12 Council of Canada.

13 I would like to start with 2-CCC-22, Attachment
14 1, please. And I had a brief discussion with Panel 1
15 about this, and I was referred to this panel. And if
16 we could look at the economic evaluation tab for
17 Project 1, please?

18 Panel 1 confirmed that this is a project related
19 to the connection of three GS customers. And I
20 understand that one of the costs that flows through
21 the economic evaluation model are the incremental
22 OM&A costs.

23 And can you explain how the \$175 per GS customer
24 incremental OM&A cost was derived?

25 Z. ISLAM: In regards to the \$175 number that we
26 see on the screen, this is based on our 2024 actual
27 financial results. So it includes the operational
28 cost for our customer experience department, which

1 includes billing and collections as well as
2 operational and maintenance costs to service our grid
3 divided by the total number of customers.

4 L. GLUCK: And when you say, "divided by the
5 total number of customers," it is the full total? It
6 is every customer?

7 Z. ISLAM: It will be. If I recall correctly,
8 it is based on the total, all the customers that we,
9 Elexicon, serves. Yes.

10 L. GLUCK: Okay. I assume you would agree that
11 it costs more to serve three large customers? An
12 individual large customer costs more to serve than an
13 individual small customer?

14 Z. ISLAM: This is our best estimate in regards
15 to the OM&A cost per customer. In general, we do not
16 expect costs to vary significantly in relation to
17 just adding one customer to the grid.

18 L. GLUCK: Okay. And so this is a -- I think if
19 you scroll down you will see that this is a \$15.5
20 million capital project. And in terms of the
21 incremental OM&A, the company estimates
22 approximately, based on these numbers, \$425 of OM&A
23 related to the maintenance and operation of this
24 project?

25 S. VETISIS: Mr. Gluck, as we mentioned, the
26 value here provides our best estimate of the average
27 incremental OM&A we anticipate for a customer. We
28 wouldn't necessarily assume that a greater capital

1 spend would necessarily result in a significant
2 variance. For example, part of our maintenance
3 activities are inspections on a regular time basis.
4 You know, you are looking just at the capital cost of
5 infrastructure.

6 For example, if we were adding a new line on a
7 pole that already existed, that would -- that regular
8 cycle would already exist. So it is not necessarily
9 one to one that when you would look at the capital
10 spend here, that it would create a commensurate
11 linear increase in OM&A.

12 L. GLUCK: Thank you. Could we look at Project
13 7, please, the economic evaluation? And I understand
14 that this is a project designed to facilitate
15 residential customer connections; is that right?

16 Z. ISLAM: As per line 10 and 11, it does look
17 like it is related to residential customer
18 connections.

19 L. GLUCK: Thank you. And can you just advise
20 what the \$146 incremental OM&A is related to, or how
21 that was derived?

22 Z. ISLAM: This would have been derived based on
23 the 2027 operational cost forecast, subject to check.

24 L. GLUCK: Okay. Thank you. Can I ask -- so
25 you provided some screenshots in this attachment
26 here. But the evaluation is missing some key details
27 that I can't see for the net present value
28 calculation.

1 Would it be possible for you to undertake to
2 provide the actual models that underpin these summary
3 sheets?

4 Z. ISLAM: We can undertake to provide an
5 example. Would that be satisfactory?

6 L. GLUCK: Is there a reason you would be unable
7 to provide the models?

8 D. COBAN: Mr. Gluck, as I think you might be
9 aware, these models do include customer information
10 and would have to be redacted, and the certain cost
11 and effort associated with pursuing those redactions.

12 So I think we are looking to strike a balance in
13 terms of helping you understand how the models work
14 but also having a manageable level of effort
15 associated with your request.

16 L. GLUCK: So if I were trying to narrow this
17 request, it would be helpful to me to have Project 1
18 and Project 7, the models, instead of - I think there
19 is eight or nine that are the full -- would be the
20 full ask. So Project 1 and Project 7?

21 D. COBAN: So what we can do is undertake to
22 consider your request. We will give it some more
23 thought and, if we are able to provide those, we
24 will. If not, we will set out more reasons for what
25 we can provide.

26 L. GLUCK: Thank you. I appreciate it.

27 T. HOBBS: So that will be Undertaking JT-2.9.

28 **UNDERTAKING JT-2.9: TO PROVIDE THE MODELS THAT**

1 **UNDERPIN THE OM&A SUMMARY SHEETS FOR PROJECTS 1**
2 **AND 7**

3 L. GLUCK: Can we move to 4-CCC-41, Attachment
4 1, please? And I also had a brief discussion with
5 Panel 1 yesterday, and I think OEB Staff asked about
6 this a few minutes ago, actually.

7 But Panel 1 advised that the pole testing costs,
8 certain pole testing costs were previously
9 capitalized and are now expensed.

10 Can you explain in more detail what happened
11 historically? What changed, and whether there are
12 implications on opening rate base of the change?

13 Z. ISLAM: Just to start off with your last
14 question on rate base implication, we can confirm
15 there is no rate base implication. All pole testing
16 costs were written off.

17 In regards to what had expired right after
18 merger, Elexicon assessed that the design as well as
19 the analysis that goes into the pole testing program
20 can be capitalized as part of the pole replacement
21 capital initiative.

22 However, when we were preparing the 2027 to 2031
23 rate application, we performed a deeper dive in
24 regards to the costs that we were capitalizing. And
25 based on that assessment, we decided to write off
26 these costs as there was no clear distinction in
27 regards to what percentage of the analysis and design
28 costs contributed to the pole replacement program

1 versus what percentage was contributing to the pole
2 maintenance piece.

3 L. GLUCK: So if I could play that back, you
4 wrote off the entire amount that your analysis showed
5 that it may not have been proper to capitalize. You
6 wrote that all off. You took it out of rate base,
7 and that is what is showing up as an operational
8 expense in 2025; it is the write-off?

9 Z. ISLAM: Yes, that is correct. We wrote off
10 all costs related to the pole testing program.

11 L. GLUCK: Great. Thank you. Can we -- my next
12 questions are about the *Getting Ontario Connected Act*
13 variance account. If we could open Exhibit 9, Tab 3,
14 Schedule 5, page 7, please. Thank you.

15 And if we look at Table 8 here, in terms of the
16 methodology applied by Elexicon for calculating the
17 balance in this account, my understanding is that the
18 entire actual locate cost, which is in the first two
19 columns, is netted against the locate-related amount
20 in rates. Is that correct?

21 Z. ISLAM: Yes, that is correct. As per the
22 accounting guidance as provided by OEB, Elexicon is
23 required to transfer the entire balance of the locate
24 costs including the Bill 93-related costs as well as
25 the normal locate costs, and offset it by the locates
26 costs embedded in rates.

27 L. GLUCK: Thank you. So just to put some
28 numbers to it, so using 2025 as an example, the total

1 locate costs were about 2.2 million, which is the sum
2 of the first two columns. And then the 1.6 million
3 in rates is net against that, and that is what leaves
4 the approximate \$600,000 as the principal balance in
5 the account. Is that right?

6 Z. ISLAM: In response to your question,
7 mathematically that would be correct. Elexicon has
8 provided in detail an explanation in 9-Staff-168. If
9 we can pull up the Excel attachment?

10 D. COBAN: Are you certain of the reference, Mr.
11 Islam?

12 Z. ISLAM: It is 9-Staff-168, the Excel
13 attachment, 9-Staff-168.

14 D. COBAN: It appears we might be missing that
15 attachment in our files.

16 B. ARMSTRONG: If I might jump in, Daliana, it
17 was filed in the second round.

18 D. COBAN: Okay. We will work on tracking that
19 down and pulling it up on the screen.

20 L. GLUCK: I am happy to continue with the
21 confirmation that it is 2.2 million minus 1.6
22 million. That is how the balance is actually
23 calculated?

24 Z. ISLAM: Yes, confirmed.

25 L. GLUCK: Thank you. If we go to 4-CCC-45A,
26 Table 1, please. And you will see, if we go up,
27 there is a -- if we go up, I think we passed the
28 table. So that table shows the 2.2 million that we

1 were just talking about as the total. And that is
2 built up from the dollar amounts in all of the
3 columns starting at LSP. So LSP, other third-party
4 locate costs, et cetera, equals the 2.2 million; is
5 that correct?

6 Z. ISLAM: Yes, that would be correct.

7 L. GLUCK: Thank you.

8 And if we go to Part B of this response, the
9 company states that the \$326,000 related to the
10 mapping update is not reflected in the GOCA account;
11 do you see that?

12 Z. ISLAM: Yes.

13 L. GLUCK: And based on what we just discussed
14 in terms of how the balance is actually calculated in
15 the account, the \$325,000 for mapping is recorded or
16 used in the derivation of the balance in the account;
17 is that fair?

18 Z. ISLAM: As we note in this response that
19 326,000 was not adjusted in the GOCA variance
20 account, so it is not part of the balance.

21 L. GLUCK: And why do you think that is the
22 case? Based on what we just talked about, we take
23 the total which includes the mapping and minus the
24 amount that is in rates, and that is the balance in
25 the account. If you were to actually try to remove
26 something or if you wanted to remove a number, you
27 would have to take it out of the 2.2 million before
28 you calculated the -- before you calculated the

1 balance in the account.

2 Z. ISLAM: We can take an undertaking to
3 demonstrate exactly how that was performed.

4 L. GLUCK: Sure.

5 T. HOBBS: Okay. That will be Undertaking JT-
6 2.10.

7 MR. GLUCK: Thank you.

8 **UNDERTAKING JT-2.10: DEMONSTRATE HOW THE BALANCE**
9 **IN THE GOCA VARIANCE ACCOUNT IS CALCULATED AND**
10 **HOW THE \$326,000 RELATED TO MAPPING WAS EXCLUDED**
11 **FROM THE BALANCE**

12 L. GLUCK: Can we move to 1-CCC-5, Table 1,
13 please. I want to discuss the merger savings next.
14 And if we look at Table 1, please.

15 I understand that the revised 2026 savings
16 amount in this table of about 5 million is what is
17 expected to persist into the upcoming rate term; is
18 that right?

19 S. VETTSIS: That is correct.

20 L. GLUCK: Thank you.

21 And these realized savings are implicitly
22 reflected in the forecast OM&A cost during the
23 upcoming term in the sense that the forecast OM&A
24 that you would have proposed in this application
25 would have been higher by 5 million in the absence of
26 the savings; is that also right?

27 S. VETTSIS: That is correct.

28 L. GLUCK: And if the company had achieved the

1 forecast of synergy savings of 6.2 million as
2 estimated in the MAADs proceeding, the OM&A cost that
3 you proposed in this application would have been \$1.2
4 million lower; is that also correct?

5 S. VETISIS: Again, I think it is important to
6 note -- if we can go to Exhibit 1, Tab 4, Schedule 1,
7 please. My mistake, I meant to say Schedule 2, page
8 2. So in Exhibit 1, Tab 4, Schedule 2. And then
9 page 2 and Table 2.

10 Mr. Gluck, you know, the 6.2 million that you
11 mentioned from the MAADs proceeding, that was based
12 off of a merger business case that had certain
13 assumptions regarding the business conditions of the
14 utility.

15 I think this table here shows how Elexicon's
16 circumstances when it comes from an investment
17 perspective changed drastically relative to what was
18 in the merger business case, and so I think the --
19 again, I would be speculating as to what it would
20 have been. I think the reflection of what we have,
21 our best estimate of the synergies achieved, is \$5
22 million.

23 L. GLUCK: Thank you.

24 Can we go to -- can we go back to 1-CCC-5,
25 please. And if we go to Part G. If you go down bit,
26 I think. Yeah. If we look at Table 2.

27 You will see here that there is a OM&A cost per
28 position savings. And I understand that these dollar

1 amounts are shown after applying a split between
2 capital and OM&A; is that right?

3 S. VETISIS: I believe that is correct.

4 L. GLUCK: And is that OM&A capital split the
5 same as what would be shown in Appendix 2K?

6 You can undertake to confirm or reconcile if
7 that is helpful.

8 S. VETISIS: Subject to check, I would anticipate
9 that to be the case.

10 L. GLUCK: Okay. Thank you.

11 Can we go to 1-SEC-16, please, Part C. 16.

12 Thank you.

13 And in this table, the company provides a list
14 of transition-related capital expenditures, and I
15 note that the integrated operation centre project is
16 not considered an integration capital project. Can
17 you explain why that is the case?

18 S. VETISIS: Can we go to 1-PP-6, please. I am
19 not going to drain the response here, Mr. Gluck, but
20 what this interrogatory talks about, there was some
21 initial activities at merger which brought together
22 the operational technologies so that they could be --
23 so that the -- Elexicon could operate as an
24 integrated entity.

25 The subsequent IOC project which occurred later
26 was a refresh post-integration, and that is why it is
27 not included as a transition cost.

28 L. GLUCK: Are you suggesting because it

1 happened later than -- like, is that the suggestion,
2 the timing of it is --

3 S. VETSI: What I am suggesting is what this IR
4 talks about -- because we received a similar question
5 regarding Dx NEXT. This mentions that initially, the
6 organization says they came together, brought
7 together the various suites of technologies that they
8 had so that they could operate as an integrated
9 utility. Those were the costs associated with that
10 you saw in the prior table. And so that integration
11 created the utility that operates for multiple years
12 as Elexicon.

13 Subsequent to that, as these technologies became
14 end of life and it came time for investment, there
15 was a separate IOC project. And that would just be
16 what would you expect as sort of end of life
17 replacement kind of thing.

18 L. GLUCK: Okay. Can you undertake to provide
19 the total cost and the undepreciated cost of the
20 integrated operation centre as of the end of 2026 and
21 the end of 2028?

22 S. VETSI: Just to make sure I provide you with
23 the right value. Do you have a specific evidentiary
24 reference for the project that you are talking about?

25 L. GLUCK: I don't have that in front of me for
26 the project that I am talking about. I was -- I am
27 sure I could locate it, but not in this moment. Are
28 there a number of projects called --

1 S. VETSIS: No. I assume we are talking about
2 the same one, but the last thing I want to do is
3 produce something you don't expect, so we will be
4 clear which project we are talking about and what it
5 refers to in the undertaking response.

6 L. GLUCK: I am happy to get it to you later
7 today or tomorrow. Can we mark it as an exhibit --
8 an undertaking, and I will find it the project.

9 T. HOBBS: Okay. That is Undertaking JT-2.11.

10 L. GLUCK: Thank you.

11 **UNDERTAKING JT-2.11: PROVIDE THE TOTAL COST AND**
12 **THE UNDEPRECIATED COST OF THE INTEGRATED**
13 **OPERATION CENTRE AS OF THE END OF 2026 AND THE**
14 **END OF 2028**

15 MR. GLUCK: I was just having a conversation a
16 little while ago about CCC-8, Attachment 1. So if we
17 could open that up again. And where the conversation
18 with Panel 1 sort of ended was they were advising me
19 that these numbers were not going to be able to be
20 reconciled to Appendix 2AA because they do not
21 include the overhead allocation.

22 And what I would really like is an undertaking
23 that provides the gross costs before inflation, so on
24 the left-hand side, including the allocation of
25 overheads, and then to the extent that the inflation
26 rates by program change because of that, then you
27 would update those inflation rates.

28 Z. ISLAM: In regards to overheads, we derived a

1 methodology to forecast overhead from 2027 to 2031
2 period. In most instances, there was no specific
3 inflation rate applied to those overheads. For
4 example, the overheads include capitalized interest
5 costs which was derived based on the forecasted
6 capital expenditure on a yearly basis.

7 So as a result, if we add in overheads to the
8 gross costs that are being shown in the first table,
9 and then apply the inflation, we might not get to the
10 total capital investments that we have submitted in
11 Appendix 2AA.

12 What we can propose to do is provide those
13 overheads separately in order to facilitate the
14 calculation that you are proposing.

15 L. GLUCK: I think that will work. So
16 essentially, to make sure I do understand what I am
17 going to get, if I were to take -- I discussed this
18 with Panel 1, but, you know, I apply the inflation
19 rates by program here, and then you are going to give
20 me the capitalized overhead that I would just simply
21 add to that number after inflation has been applied;
22 is that right?

23 Z. ISLAM: That would be correct, yes.

24 L. GLUCK: That is perfect. Thank you.

25 T. HOBBINS: Okay. That will be Undertaking JT-
26 2.12.

27 **UNDERTAKING JT-2.12: PROVIDE THE CAPITALIZED**
28 **OVERHEADS ASSOCIATED WITH THE PROGRAM COSTS SET**

1 **IN CCC-8, ATTACHMENT 1 SEPARATELY FROM THE GROSS**
2 **COSTS**

3 L. GLUCK: And I was hoping that you could also
4 undertake to provide a table that is similar to this
5 but for operational costs that shows the uninflated
6 operational costs by program and then the inflation
7 rates that are applied in each year.

8 So it is very much in the same format as this
9 but for the operational budget.

10 Z. ISLAM: In regards to the operational or OM&A
11 programs, I would just refer you to Part A of the
12 response. So Part A of 1-CCC-08.

13 L. GLUCK: So I have read this. So essentially
14 what you are saying to me is the uninflated 2027 OM&A
15 budget, if I took the 2.9 percent out, that would be
16 the uninflated number? Because I do understand that
17 your OM&A budget, similar to your capital budget,
18 doesn't -- it is not being inflated over the term
19 simply by, you know, a price cap or price cap plus
20 growth sort of concept. You are actually layering
21 in, you know, new resources each year.

22 So similar to your capital budget, it is -- it
23 is not an inflation-adjusted budget. It changes
24 based on the year. And whatever activities you are
25 planning on doing in that year. So I would have --
26 this response, I don't see how I would be able to
27 back calculate what you did by just using the
28 weighted average cost of inflation here.

1 Z. ISLAM: Can you please clarify your question
2 again, please?

3 L. GLUCK: Sure. So maybe I will try it a
4 little differently.

5 Similar to the capital plan program, what I am
6 trying to do is be able to replace the inflation
7 rates that the company has used with a different
8 rate. And given the way the operational budget is
9 derived and -- essentially, it is a forecast each
10 year, right. Well, let me confirm that.

11 You have a -- each year, your operational budget
12 is a forecast based on the activities and resources
13 that you need in each of those years. It is not an
14 inflation-adjusted budget starting in the test year;
15 is that right?

16 Z. ISLAM: That would be correct. We are adding
17 resources in each year of the plan.

18 L. GLUCK: Right. So that is similar to your
19 capital budget that we just talked about. And you --
20 for the inflation pressure on your capital budget,
21 what you showed me is an uninflated gross cost each
22 year, and then a way to add inflation to it? And I
23 would like the same thing for the operational budget.
24 This response, I don't think, would allow me to
25 calculate it.

26 Z. ISLAM: It would be very difficult for us to
27 do that exercise because different position yield
28 different costs depending on the level of position we

1 are adding each year.

2 Additionally, depending on the labour being
3 used, whether it be union or non-union, there is a
4 different escalation factor. Plus, as specified in
5 each of our OM&A segments, there are different cost
6 drivers in relation to those segments.

7 So it will be significant undertaking which we
8 do not believe we can turn around within the span of
9 this technical conference.

10 L. GLUCK: If you -- does it make it easier for
11 you if you were to just use 2 percent, if I told you
12 what the percentage was? Does that change anything?
13 If I said just apply a straight 2 percent on
14 everything, does that make the task easier?

15 Z. ISLAM: When we built the OM&A program, there
16 was a methodology and process applied dependent on
17 the segment and the specific cost drivers. It will
18 be difficult for us to just, you know, rebuild
19 everything using a standard inflation rate.

20 L. GLUCK: Okay. Thank you.

21 Can we go to 2-CCC-11, Part D, please. Thank
22 you.

23 In this response, the company notes that it
24 forecasts that 100 percent of capital spending
25 related to general plant projects will enter service
26 in the same year that the spending occurs; is that
27 right?

28 Z. ISLAM: Yes, that is correct.

1 L. GLUCK: And I understand that this would
2 include your -- the company's OT system projects and
3 the company has proposed projects related to GIS
4 upgrades, SCADA upgrades, and ADMS enhancements; is
5 that right?

6 L. FROST-HUNT: Yes, that is correct.

7 L. GLUCK: Thank you.

8 And my understanding of those types of projects
9 is that they span quite a period of time. So can you
10 advise whether each of those projects is expected to
11 be completed and placed in service in the year that
12 the spending occurs?

13 Z. ISLAM: Specifically for the GIS project, the
14 assumption was we are going to execute the project in
15 phases. So the project spent incurred in relation to
16 a specific phase would be ISA'd within that specific
17 year.

18 L. GLUCK: And the SCADA upgrades?

19 S. VETISIS: Similar concept for SCADA upgrades
20 and field devices, we in-service the stuff that is
21 installed within the year.

22 L. GLUCK: Okay. And the ADMS enhancements, is
23 that the same?

24 S. VETISIS: The same.

25 L. GLUCK: Okay. Can we go to 2-CCC-13, please?
26 And this response describes the approach taken to
27 forecast derecognition expense during the test
28 period. I was hoping you could undertake to provide

1 the detailed spreadsheets that support the derivation
2 of 2027 to 2031 derecognition expense.

3 Z. ISLAM: Just to understand correctly, are you
4 asking for what is the derecognition expense in
5 relation to our program? Or the detailed
6 calculations?

7 L. GLUCK: I am asking for whatever the company
8 used to calculate derecognition expense including
9 whatever assumptions were made and how it was done,
10 so I can match it to what you said you did.

11 Z. ISLAM: There are significant volumes of
12 data, and data that were analyzed to come up with the
13 methodology and calculate the derecognition expense.
14 Would it be helpful if we just provide an example,
15 how we used that data to derive the expense that we
16 have described in this first response?

17 L. GLUCK: Sure, if you can, that would be
18 helpful. If you could please provide something for
19 what you did with the substation renewal program.
20 And then also for -- I think you describe it as that
21 for assets that could not be distinctly identified.
22 Is that something you can do?

23 Z. ISLAM: Sure. We can undertake to provide a
24 specific example for each of those steps as to how we
25 came up with the forecasted derecognition expense.

26 L. GLUCK: That would be helpful, thank you.

27 T. HOBBINS: That will be Undertaking JT-2.13.

28 **UNDERTAKING JT-2.13: TO PROVIDE AN EXAMPLE OF**

1 **THE DATA THE COMPANY USED TO CALCULATE**
2 **DERECOGNITION EXPENSE, INCLUDING WHATEVER**
3 **ASSUMPTIONS WERE MADE AND HOW IT WAS DONE**

4 L. GLUCK: If we can go to 2-CCC-23, please.

5 And if we go to page 7 of the response, and if you go
6 up a bit, I think. Yeah, I think it is here.

7 So I understand that it is the existing meters
8 replaced prior to the AMI 2.0 vendor selection
9 process is concluded may not be compatible with the
10 AMI 2.0 solution; is that correct?

11 K. ROMANO: Yes, that is correct.

12 L. GLUCK: Thank you. And the costs of the
13 meters that we were talking about where this may
14 happen, if we go to Table 2 just up on the page.
15 These are the meters that are in the meter
16 replacement and "cost of new meter" rows. Is that
17 right? Sorry. I think I could have asked that
18 better. I think it is Row 3 and Row 5.

19 K. ROMANO: Yes, that is correct. It is the
20 cost associated with the meter failures as well as
21 cost of new meters.

22 L. GLUCK: Thank you. So between 2027 and early
23 2029, which is prior to the start of the AMI 2.0
24 rollout, the company is forecasting to incur in the
25 range of \$3 million to \$4 million of meter
26 replacement costs that may need to be replaced with
27 AMI 2.0 meters within a few years of installation.
28 Is that correct?

1 K. ROMANO: In absence of knowing what the AMI
2 2.0 technology would be, starting in 2029, we can't
3 say with certainty that those meters would need to be
4 replaced. It would be our intent that those meters
5 would stay installed until the latter part of the
6 deployment phase of the AMI 2.0 rollout.

7 L. GLUCK: Thank you. Can you discuss how the
8 company is mitigating the risk that these meters that
9 may be installed between '27 and early 2029 won't --
10 mitigating the risk that they may need to be -- that
11 they won't be compatible with AMI 2.0, I should say?

12 K. ROMANO: It is difficult to say at this
13 juncture about the timeline with which the meters
14 that we are installing between 2027 and 2029 will be
15 replaced in support of AMI 2.0. It is our intent
16 currently, given the two different types of metering
17 technology that are in the field today, that there is
18 a high probability that the existing technology will
19 be compatible with that future state of
20 infrastructure. So that is our current working
21 assumption.

22 L. GLUCK: Okay. Thank you. Can we go to the
23 bottom of page 9, please. And there is a note here
24 that says:

25 "The company is finalizing the business case,
26 and it will be ready in mid-July. And it will
27 be filed on the record when it is available."
28 (as read)

1 Is that still the plan?

2 K. ROMANO: Yes, that is correct.

3 L. GLUCK: Is there timing on that, at this
4 point, a more specific timing?

5 S. VETISIS: We are targeting July 10.

6 L. GLUCK: Thank you.

7 And can we move to 2-CCC-32B, please. And in
8 this question, we had asked the company to confirm
9 our calculation of the avoided costs associated with
10 not going forward with the planned office
11 renovations.

12 And in the response, the company states that it
13 does not agree with the premise of our question and
14 then doesn't provide the confirmation or correction
15 of the avoided cost calculation that we performed.

16 So just in terms of the numbers, can you confirm
17 that the avoided cost to consumers of not going
18 forward with the renovation of the Whitby and Ajax
19 sites is approximately \$6.9 million.

20 B. WALKER: So just to confirm, you would like
21 to know the avoided costs. And as we pointed out, we
22 believe that this is a necessary investment within
23 our facilities infrastructure to ensure that we are
24 able to meet our growth and remain flexible and meet
25 the workforce demands and support the business.

26 L. GLUCK: And I fully understand your position.
27 But in terms of the numbers of not going forward with
28 the renovations, would it be \$6.9 million? Is that

1 the cost of the renovations?

2 B. WALKER: That would be correct.

3 L. GLUCK: Thank you. And you say in this
4 response that the company selected Option 3, which is
5 a renovation of both Ajax and Whitby sites, as the
6 other options are untenable. And then you direct me
7 to the pre-filed evidence at 2B-4-1, Appendix L, page
8 7, if we could go there, please. Page 7, please.

9 So I understand the company's position is that
10 it is untenable, but I am trying to understand better
11 why that is. And on this page, it says that:

12 "Elexicon could manage using the existing
13 office workspace by permanently staggering in-
14 office days." (as read)

15 Is that accurate? Is that something the company
16 could do?

17 B. WALKER: That would be an option for sure.
18 But the fact is that we do not want to limit
19 ourselves to the options in terms of the current
20 hybrid work policy that we have in place. And as we
21 expand our work programs and require collaboration,
22 existing new staff entering, that we would like to
23 make sure that we have the opportunity to have staff
24 in the office when needed, versus artificially going
25 forward on a permanent basis.

26 L. GLUCK: Thank you.

27 So would you agree that it is not untenable, but
28 it is a preference of management to have that

1 flexibility?

2 B. WALKER: So as mentioned, it is an option.
3 But again, because of the growth in the workforce and
4 what our forecast is for losing talent just to
5 attrition as a result of the planned retirements and
6 new staff, we want to make sure that our teams can be
7 collaborative and cross-functional, which currently,
8 if we remained permanently virtual, would not provide
9 us that opportunity.

10 L. GLUCK: Okay. Thank you. I would be moving
11 to another area, so I am in your hands as to whether
12 you want to stop now or continue.

13 T. HOBBINS: I know that some of us do have a
14 hard stop at 4:30. But in your hands, as to what you
15 want to do as between Ms. Coban and Mr. Gluck. Would
16 you like to continue?

17 L. GLUCK: It is totally up to you, whatever you
18 would like.

19 D. COBAN: If we are able to continue to 5:00,
20 that would be our preference.

21 L. GLUCK: I can continue. Court reporter?

22 T. HOBBINS: Okay.

23 L. GLUCK: Does the Panel want to continue?
24 Okay.

25 S. VETISIS: We are okay to continue.

26 L. GLUCK: All right. Can we go to 4-CCC-46,
27 please. And if we go to Part A, please. I may have
28 the wrong table. If we go down a bit perhaps. Yeah,

1 this is the right table, thank you. So the
2 percentage of customers on e-billing is 36 percent as
3 of 2025; is that right?

4 K. ROMANO: Yes, that is correct.

5 L. GLUCK: Thank you. If we could open up
6 Attachment 1 to 4-CCC-51, which is an Excel
7 spreadsheet I am pretty sure. At 51, please. Thank
8 you. If we can look at the e-billing tab.

9 And so my understanding is that with the
10 implementation of Dx NEXT there are forecasted
11 increases to e-billing uptake between 2027 to 2031 as
12 shown in line 15. Can you explain how the company
13 forecast the e-billing subscription rate changes,
14 over time?

15 K. ROMANO: With the starting point of 2026, we
16 are forecasting a 36 percent e-billing enrollment
17 that is similar to 2025. As for the purposes of Dx
18 NEXT, it was recently implemented in April and we are
19 looking for the systems to stabilize.

20 As we forward-plan from 2027 to 2031, there are
21 some inherent and significant changes with the new e-
22 billing solution that has been implemented as part of
23 Dx NEXT. That provides us comfort with increasing
24 the relative year-over-year increase that we have
25 seen historically to growing between 3 and 4 percent.

26 The existing technology has been improved, but
27 we are also planning proactive marketing campaigns.
28 We are going to further leverage our current contacts

1 with customers to promote the benefits of e-billing.
2 And so we are confident that the projection taking us
3 from 36 percent in 2026 to 31 percent is both
4 realistic and is aligned. Actually, 2031 is aligned
5 with where many LDCs are today.

6 L. GLUCK: Okay. And I did some back-of-the-
7 envelope type math with respect to the savings
8 related to changes to the e-billing subscription
9 rate. And I was wondering if you would be willing to
10 take it, subject to check, that a 10 percent increase
11 in the e-billing subscription rate generates savings
12 of about \$530,000 each year.

13 Or if you are more comfortable, you could
14 undertake to confirm or correct that calculation.

15 K. ROMANO: So sorry. So apologies, but help me
16 please. So this table does provide what our
17 anticipated year-over-year cost savings are, with the
18 growth in customers and their participation in the E-
19 bill program, from 2027 to 2031.

20 L. GLUCK: I can tell you what I did. Just a
21 second. I can't find it, but what I did was I would
22 have taken -- so you provided both the e-billing cost
23 per customer, and you provided a paper bill cost.
24 And then I would have applied the 10 percent, the 10
25 percent number to the number of bills that are
26 issued, and then multiplied it by the differential
27 between the paper bill cost and the E-bill cost to
28 come up with a savings number.

1 And basically, this is a number to say in 2026,
2 if you had 46 percent E-bill subscribers instead of
3 36 percent, the cost in the program would be about a
4 half million dollars less.

5 K. ROMANO: I have not done that similar
6 calculation, but subject to check, then, yes.

7 L. GLUCK: Okay. Thank you. And in advance of
8 the technical conference, I provided a package of
9 some documents from other rate proceedings. And the
10 first page in that package is a summary table of e-
11 billing enrollment by other utilities. And if the
12 company is okay with it, I was hoping we could open
13 it and mark it as an exhibit?

14 D. COBAN: That is fine. We did receive this
15 compendium and are prepared to address it.

16 L. GLUCK: Thank you.

17 T. HOBBINS: That will be Exhibit KT-2.1.

18 **EXHIBIT KT-2.1: CCC TECHNICAL CONFERENCE**
19 **MATERIALS**

20 L. GLUCK: Thanks. You will see in this table,
21 I just pulled together some -- from some recent rate
22 cases the percentage of e-billing subscribers that
23 the various utilities have. And the most recent year
24 of actuals that we have for these other utilities, at
25 least for all of them, is 2024. You will see that
26 their e-billing, the average in 2024 was at 53
27 percent. And Elexicon at that time was at 34
28 percent, and today is at 36 percent.

1 So can you explain, you know, what has the
2 company been doing historically to attempt to
3 increase e-billing subscribers? Has the company
4 performed targeted marketing campaigns, which you
5 mentioned you will do in the future, but have you
6 done things of that nature in the past in an attempt
7 to increase the e-billing subscription rate?

8 K. ROMANO: So we are aware that our historical
9 and current e-billing enrollments lag relative to our
10 LDC peers. I can say that the current customer
11 friction or dissatisfaction with our e-billing
12 platform is not also unknown to us.

13 The portal -- or the customer-facing portal
14 excuse me -- and the e-billing solution is and was
15 closely tied to our previous CIS billing system. The
16 functionality therefore of that system that was
17 deemed to be end of life and outdated and
18 unsupported, that we were challenged to upgrade the
19 functionality that was offered through the portal as
20 well as the e-billing solution.

21 So to give some examples of points of
22 frustration with our customers, the experience that
23 they had was limited in terms of capabilities to
24 access e-billing information as well as the portal on
25 their mobile device. As well the supporting
26 operating systems were limited that underpinned that
27 feature, and limited to only Firefox, Chrome, et
28 cetera.

1 As well customers expressed frustration with
2 respect to their ability to log in to reset their
3 password, to verify or authenticate their identity as
4 part of that process, much of which required them to
5 contact Elexicon and get support.

6 So although we took numerous attempts over the
7 historical period to improve upon our e-billing
8 subscription, we found at times that we were
9 successful, and then customers would fall off, and
10 they would no longer participate within the service.

11 You will note that in 2024 and 2025 that we did
12 have a six-point increase that was directly related
13 to the impact of the Canada Post strike in Q4 of 2024
14 as well as into 2025 where, again, although we saw
15 that 7 point increase, we also experienced customers
16 enrolling within the services, and then rolling off
17 of the program.

18 L. GLUCK: Okay. Thank you.

19 Can we go to 4-CCC-47B, please. Thank you.

20 And you will see in Table 2 that between 2025
21 and 2027, there is a small decrease in the number of
22 inbound contacts. And if we look at Table 3 just
23 below it, you will see that there is an increase in
24 two customer care employees over that same two-year
25 period.

26 Can you explain the need for those two
27 additional customer care employees in the context of
28 the number of inbound contacts?

1 K. ROMANO: So the line that you are referring
2 to, which is inbound calls, you are correct that we
3 do and are forecasting a volume decrease from the
4 2025 through 2027. That is largely related to the Dx
5 NEXT program.

6 What is not outlined here is some of the new
7 features of that transformation that we just
8 implemented specifically related to our chat, the
9 interactive chat with front line support.

10 So the analysis that underpinned this was a
11 combination of, yes, through Dx NEXT and the new
12 self-service features and functions that we are
13 introducing, that we're forecasting a shift for
14 customers to move to those self-serve options.

15 What that results in, although the volume will
16 minimize, the interaction time that is required to
17 support customers that we are forecasting to increase
18 -- and that is related specifically to the complexity
19 of the interactions that our staff will have with
20 customers.

21 What is not included in this graphic is the new
22 contact channels related to that chat platform have
23 not been forecasted as part of this. So as such, if
24 we were to look at what our forecasted needs were for
25 CSRs to support the forecast period, we were
26 forecasting two -- sorry, correction, a total of
27 three incremental staff in the 2027 period.

28 One would be a frontline customer experience

1 representative that we have included as part of the
2 rate application. The second one we are forgoing in
3 terms of focused on maximizing the benefits of Dx
4 NEXT and therefore avoiding that hire. And as well,
5 there was a trade off made in terms of resources.

6 So to be clear, in 2024, prior to the start of
7 the Dx NEXT project, we had as part of our customer
8 experience team a business process analyst. That
9 member decided to retire from the organization. And
10 appreciating that we were embarking on a technology
11 program that would change much, if not all, of our
12 business processes, that we decided there was greater
13 need to onboard a customer experience specialist --
14 sorry, my apologies, a key account specialist and
15 hold off on introducing and filling the role of a
16 business process analyst until after the Dx NEXT
17 program was delivered and we did the appropriate
18 mapping of business processes as part of the
19 transformation, and then we could onboard the
20 business process resource required to support the
21 forecast period.

22 So although it is an increment, it really was a
23 brought-forward based on need and then a replacement.

24 L. GLUCK: Okay. Thank you.

25 I also provided a table in advance regarding the
26 number of customer contacts per customer contact
27 centre FTE between Elexicon and Alectra in the
28 exhibit that we marked a few minutes ago. If we

1 could open it. It is the second page.

2 T. HOBBS: Mr. Gluck, for the benefit of the
3 record, could we get a name for this exhibit?

4 L. GLUCK: CCC technical conference materials.
5 Does that work?

6 T. HOBBS: Sure.

7 L. GLUCK: And if we -- if we could make this
8 just a little bit larger, please. You will see here
9 that in 2025, before the decrease that you are
10 expecting relating to Dx NEXT, your call centre FTEs
11 were handling about 4,300, 4,400 calls each annually,
12 and Alectra's were handling approximately 5,300 each
13 per FTE.

14 So do you have any information as to why there
15 would be a difference between Elexicon and Alectra in
16 this regard?

17 K. ROMANO: I will start by saying that I did
18 have some questions about the data that would better
19 inform my ability to compare on a like-to-like basis.
20 But if I were to accept the view that they are
21 similar, and take a step back, I can confirm that on
22 scale, Alectra frontline CSRs and staff support
23 greater contacts with customers; however, that is not
24 the full story.

25 What I would offer is although our staff handle
26 less customer contacts per year, Alectra has not been
27 successful achieving their telephony service level as
28 outlined by the OEB since 2023 as well as their

1 repeat contacts are greater than Elexicon's.

2 What I would offer is that although it might
3 appear through the comparison that we are less
4 efficient, I would offer that although our inbound
5 service level for telephony, that being Elexicon's,
6 may not be best in class or optimal, but it is
7 servicing our customers while meeting that standard
8 as well as minimizing our repeat contacts.

9 So on a comparative basis, Elexicon's repeat
10 contacts are roughly 10 percent. Based on publicly-
11 available information about Alectra, their repeat
12 contacts are about 20 percent. That would suggest to
13 me, just on some quick analysis, that roughly 70,000
14 calls or contacts per year by customers are actually
15 repeat customers because they did not get service the
16 first time.

17 So I would accept that, yes, on scale, that
18 their staff hire -- or handle, sorry, additional
19 contacts. I would offer that our model delivers a
20 satisfaction level that is improved.

21 L. GLUCK: Okay. Thank you.

22 Can we go to 4-CCC-48, Part B, please. And
23 here, it explains that the company took an average of
24 the 2019 to 2023 actual bad debt as the basis for
25 determining the forecast bad debt amounts for the
26 forecast period; is that correct?

27 Z. ISLAM: Yes, that is correct.

28 L. GLUCK: Thank you.

1 And if we go down a bit, there is a table.

2 Maybe it is up. Thank you.

3 And 2019 is not provided in this table, but I
4 calculated what I expect it to be based on the
5 average. Would you take it subject to check that the
6 2019 bad-debt amount was \$800,000?

7 Z. ISLAM: Subject to check, we can confirm the
8 -- the amount.

9 L. GLUCK: Thank you.

10 And so I am wondering, why did the company
11 choose the 2019 to 2023 time period as the basis for
12 the bad-debt forecast?

13 Z. ISLAM: At the time of the development of the
14 2027 to 2031 plan, the information or the completed
15 bad-debt information that was available to us were
16 from 2019 to 2023, and as a consequence, we used that
17 information to forecast our bad-debt expense.

18 L. GLUCK: Thank you.

19 And you would agree with me that 2020 is an
20 outlier year due to COVID?

21 Z. ISLAM: I would agree that 2020 is an outlier
22 year because of COVID; however, given that we are
23 using an average, the balance as calculated and
24 included in our plan reflects our actual experience
25 that we have seen.

26 L. GLUCK: Okay. And do you agree that 2025 is
27 an outlier as well? My understanding is it is driven
28 at least in part by the closure of large commercial

1 accounts; it doesn't happen every year.

2 K. ROMANO: I would offer that both 2024 as well
3 as all of 2025 are outlier years. Yes, there were
4 two customer accounts that did unfortunately go
5 bankrupt within the 2025-year period, but further, I
6 would impact it was the impact directly of the Canada
7 Post strike.

8 It was a two-fold effect of, yes, as we just
9 discussed, the low enrollment in our e-billing
10 solution which delayed receipt of bills by our
11 Elexicon to our customers. But as well, it limited
12 our ability to, with confidence, continue with our
13 collections program that relies heavily on our
14 ability to mail customers a disconnection notice
15 letter, a reminder letter, et cetera. So the
16 program, or our ability to collect on customers in
17 2024 and 2025, was impacted.

18 L. GLUCK: Thank you.

19 Can we go to 4-CCC-50, please, and Part A. It
20 is -- there is a table. And you will see that the
21 telephone and data cost double between 2025 and 2027.
22 Can you explain what is driving that increase?

23 L. FROST-HUNT: There was a comprehensive number
24 of telephony circuits required for the Seaton
25 Transformer Station. So we can see the cost
26 increasing appropriately.

27 L. GLUCK: This is related to the Seaton
28 Transformer Station, you are saying, the doubling of

1 these telephone and data costs?

2 L. FROST-HUNT: My apologies, Mr. Gluck, I am
3 having trouble hearing you.

4 L. GLUCK: I am just confirming what you said.
5 So the Row 4 costs are related to the Seaton
6 Transformer Station?

7 L. FROST-HUNT: Specifically the increase
8 between 2025 and 2027, yes.

9 L. GLUCK: Yes, the increase. Thank you.
10 Can we go to CCC-51, please. Part J. There is
11 a Table 2 on page 8. Thank you.

12 And in this table, there is a discussion that
13 two less accounting associates would be needed due to
14 the Dx NEXT project; do you see that?

15 Z. ISLAM: Yes.

16 L. GLUCK: And can you undertake to provide the
17 -- for the historical and forecast periods, the
18 number of accounting associates that the company has
19 that are related to the accounts payable function and
20 the number of invoices processed each year?

21 Z. ISLAM: Just to note, in regards to 4-CCC-51,
22 Table 2, these are the positions that Elexicon is
23 avoiding hiring in the future as a result of Dx NEXT.

24 In relation to your undertaking, you are
25 basically requesting the historical AP Staff and the
26 number of invoices they have processed?

27 L. GLUCK: Yes.

28 Z. ISLAM: Sure, we can take an undertaking.

1 L. GLUCK: Thank you.

2 T. HOBBS: That will be undertaking JT-2.14.

3 MR. GLUCK: Thanks.

4 **UNDERTAKING JT-2.14: PROVIDE THE NUMBER OF**
5 **ACCOUNTING ASSOCIATES THAT THE COMPANY HAS THAT**
6 **ARE RELATED TO THE ACCOUNTS PAYABLE FUNCTION AND**
7 **THE NUMBER OF INVOICES PROCESSED EACH YEAR FOR**
8 **THE HISTORICAL AND FORECAST PERIODS**

9 L. GLUCK: And I am just going to ask one last
10 question for now. Could we go to 4-CCC-53 --

11 Z. ISLAM: If I may.

12 L. GLUCK: Of course.

13 Z. ISLAM: Just in relation to that undertaking.

14 MR. GLUCK: Yeah.

15 Z. ISLAM: If it is helpful, we can also provide
16 how we derived those two positions in terms of how we
17 are calculating the cost avoidance. So we can
18 include that as part of the undertaking as well if
19 that is helpful.

20 L. GLUCK: Yeah, that would be great. Thank
21 you.

22 And if we just go to 53B, Table 1, please, just
23 to end on what I think is an easy question. Can you
24 just advise what the jobs column is referring to?
25 What is the number of jobs?

26 Z. ISLAM: The dollar per job, basically we
27 looked at the amount of dollars that are making up
28 each of our completed capital projects, and we used

1 that factor and applied it against the investments in
2 2027 to 2031 to derive how many jobs we will be
3 executing in the forecast period.

4 L. GLUCK: Okay. Thank you. Those -- maybe it
5 is an appropriate time to end for today.

6 T. HOBBS: Thank you, Mr. Gluck.

7 So this hearing is adjourned, and we will return
8 tomorrow at 9:30. Thank you.

9 --- Whereupon the proceeding adjourned at 5:04
10 p.m.