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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 Wednesday, June 24, 2026, commencing at 9:31 a.m.

VOLUME 3

A P P E A R A N C E S

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VITHOOSHAN GANESANATHAN	
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MICHAEL BROPHY	Pollution Probe
MARK RUBENSTEIN	School Energy Coalition (SEC)
JANE SCOTT	
DANIEL VOLLMER	Distribution Resource Coalition (DRC)
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BAYU KIDANE Power Workers' Union

SLADJANA KRLJANAC

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1 Wednesday, June 24, 2025

2 --- Upon resuming at 9:31 a.m.

3 T. HOBBINS: Okay. I think we will get started
4 here. We had a bit of technical issues that we are
5 still trying to work through, but we can begin.

6 Welcome to day 3 of the technical conference for
7 Elexicon Energy's cost of service application. That
8 is EB-2025-0312. I believe we have some preliminary
9 matters from Ms. Coban to begin with.

10 **PRELIMINARY MATTERS**

11 D. COBAN: Yes, thank you. Good morning.
12 Again, just coming out of our reviews of the
13 transcript overnight, there is a couple of things we
14 want to note.

15 First, in his exchange with Mr. Gluck regarding
16 bad debt expense, this is at page 134 of the
17 transcript, Mr. Islam accepted, subject to check, a
18 2019 amount that Mr. Gluck deduced from the 2019 and
19 2023 average. We would like to correct this amount
20 through an undertaking, please.

21 T. HOBBINS: That will be Undertaking JT-3.1.

22 **UNDERTAKING JT-3.1: CONFIRM THE 2019 BAD DEBT**
23 **AMOUNT REFERRED TO IN THE RESPONSE TO 4-CCC-48,**
24 **PART B**

25 D. COBAN: And then further in the transcript at
26 page 135, in the exchange with Mr. Gluck regarding 4-
27 CCC-50, Mr. Frost-Hunt noted that the increase in
28 telephony cost between '25 and '27 was attributed to

1 Seaton TS. In fact, there are other contributing
2 drivers, and so what we can do is offer an
3 undertaking [audio cut].

4 In fact, there is other drivers contributing to
5 the increase in those telephony costs, and we -- what
6 we can do is through an undertaking explain those
7 other factors.

8 T. HOBBINS: Okay. We will take that as another
9 undertaking, JT-3.2.

10 **UNDERTAKING JT-3.2: Advise of the other**
11 **contributing drivers for the increase in**
12 **telephony cost between 2025 and 2027**

13 D. COBAN: And in her exchange with Mr. Gluck
14 regarding e-billing, this is at page 126 of the
15 transcript, Ms. Romano took, again subject to check,
16 an amount that Mr. Gluck calculated with respect to
17 cost savings associated with a 10 percent increase in
18 e-billing adoption. Again, we would like to take an
19 undertaking to correct this amount.

20 T. HOBBINS: Okay. That will be JT-3.3.

21 **UNDERTAKING JT-3.3: PROVIDE THE CORRECT AMOUNT**
22 **WITH RESPECT TO COST SAVINGS ASSOCIATED WITH A**
23 **10 PERCENT INCREASE IN E-BILLING ADOPTION**

24 D. COBAN: And finally, Mr. Vetsis would like to
25 clarify his response from yesterday regarding the
26 alignment of the table in 1-CCC-5 with respect to the
27 OM&A capital split per position and the alignment of
28 that information with Appendix 2-K. So I will pass

1 it over to him to provide that clarification.

2 S. VETSI: So, Mr. Gluck, for CCC-4, the way
3 the OM&A portion of compensation was taken, it was
4 done using the 2025 actual splits for each of the
5 positions in the analysis. With the -- once that
6 split is applied to the -- we take the total
7 compensation, apply the split for each position, and
8 then calculate the average for each of the categories
9 that you see in the table, so "executive," "manager,"
10 et cetera. And so it would not be directly
11 comparable to 2-K, but it is based on the specific
12 positions in the analysis.

13 L. GLUCK: Thank you. That is helpful.

14 D. COBAN: That is all. Thank you.

15 T. HOBBS: Okay. So I believe it is off to
16 Mr. Gluck for 20 minutes of questioning.

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

18 L. GLUCK: Thank you. Good morning, Panel.

19 If we could start with 4-CCC-51, Part B, please.
20 And I just want to confirm with you that the deferred
21 implementation costs in this table are now inclusive
22 of carrying costs; is that right?

23 The footnote says otherwise, but I think you did
24 add the carrying cost to this table.

25 Z. ISLAM: That would be correct, Mr. Gluck.
26 The total deferred cost related to Dx NEXT including
27 carrying charges is 47.1 million. So the number that
28 we are seeing here is the 47.1 million divided by 10

1 which is the rate rider proposal in regards to those
2 deferred costs. So, yes, so that number includes
3 carrying charges.

4 L. GLUCK: Thank you.

5 And if I were looking to understand the total
6 five-year costs of Dx NEXT, it would be the 4.71
7 million annually for each of five years in this
8 table. And then if we could go to Table 2 of 4-CCC-
9 50, please. And it would be the numbers that are
10 redacted in this table. I would add those two
11 together, and that would be the total Dx NEXT costs
12 over the next five years?

13 Z. ISLAM: That would be correct, Mr. Gluck.

14 L. GLUCK: Thank you.

15 And if we could go back to 4-CCC-51, Table 1,
16 please. And I understand that in the pre-filed
17 evidence, the aggregate cost savings were \$21
18 million, and they have decreased to \$18.9 million
19 here largely because of a double counting of postage
20 and printing savings which was offset partially by
21 increased savings in some of the other categories in
22 this table. Is that a fair summary?

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

24 L. GLUCK: Thank you.

25 And can we go to Exhibit 4, Tab 1, Schedule 6,
26 Appendix A, Attachment 1 to Appendix A, please.
27 Thank you.

28 And at the end of 2024, the company completed a

1 business case for the Dx NEXT project; is that right?

2 You would see it on the front page, the cover.

3 L. FROST-HUNT: Yes, that is correct.

4 L. GLUCK: Thank you.

5 And if we could go to page 23, please. If you
6 go down a little bit. Thank you.

7 And at the time of the business case, the 10-
8 year costs were expected to be 61.6 million and the
9 cumulative savings were expected to be 85.5 million;
10 is that also right?

11 L. FROST-HUNT: Yes, that is correct.

12 L. GLUCK: Thank you.

13 And can you undertake to run the same net
14 present value analysis that you did here using sort
15 of the same -- the same assumptions based on the
16 costs and benefits of the Dx NEXT project as they are
17 known now?

18 L. FROST-HUNT: Yes, we can undertake to do
19 that.

20 L. GLUCK: Thank you.

21 T. HOBBINS: That will be Undertaking JT-3.4.

22 **UNDERTAKING JT-3.4: RUN THE SAME NET PRESENT**
23 **VALUE ANALYSIS THAT WAS DONE IN EXHIBIT 4, TAB**
24 **1, SCHEDULE 6, APPENDIX A, ATTACHMENT 1 TO**
25 **APPENDIX A USING THE SAME ASSUMPTIONS AND THE**
26 **CURRENTLY KNOWN COSTS AND BENEFITS OF THE DX**
27 **NEXT PROJECT**

28 L. GLUCK: And can we move to 4-CCC-52, please.

1 And if we go to Table 1.

2 You will see in Table 1 that the labour costs
3 associated with the people and culture segment will
4 increase by about \$800,000, or 20 percent, between
5 2025 and 2027. Do you see that?

6 B. WALKER: That is correct.

7 L. GLUCK: Thank you.

8 If you look at Table 2, you will see that
9 between 2025 and 2027, there is a slight decline in
10 the number of FTEs; is that also right?

11 B. WALKER: Sorry, could you repeat the years
12 you are referencing.

13 L. GLUCK: Sure. 2025 and 2027.

14 B. WALKER: That is correct.

15 L. GLUCK: Thank you.

16 So can you explain the reason for the 20 percent
17 increase in labour cost in the context of no
18 additional employees?

19 B. WALKER: The labour line in Table 1 also
20 reflects all the labour attributable to training
21 across the whole organization. It is not just
22 reflective of the staff that work within the culture
23 segment.

24 L. GLUCK: Okay. Thank you.

25 And can we go to Part C, please. This is about
26 the training costs. So are these training costs
27 separate from what we just discussed in the labour
28 line, or is there an overlap here?

1 B. WALKER: These costs reflect both the non-
2 labour and labour costs total, so you cannot
3 reconcile those two charts.

4 L. GLUCK: Okay. Thank you.

5 And can you confirm that there is a direct
6 connection between the number of staff and the
7 training budget? The number of staff to be trained,
8 not trainers per se.

9 B. WALKER: There would be a correlation between
10 the number of staff required to be trained and the
11 training budget.

12 L. GLUCK: Thank you.

13 And you will see in this table that the training
14 costs are forecast to increase by about \$1 million
15 between 2025 and 2027. And I calculated that on a
16 per FTE basis, they increase from about 5,700 per
17 employee to 7,700 per employee. And I am interested
18 in what is driving the increase in the per employee
19 training cost. Is that something you can undertake
20 to respond to?

21 B. WALKER: I can provide examples of what is
22 driving those costs.

23 L. GLUCK: Sure.

24 B. WALKER: With newer employees, initial
25 training, getting them up to speed within Elexicon.
26 It also reflects mandatory trades training in
27 certification and compliance. And there is a cycle
28 behind that, so that drives the costs up as well. So

1 both growth and recertification training are included
2 in those.

3 L. GLUCK: Okay. Thank you.

4 And can we move to 4-CCC-56, please. And if we
5 could go to Table 2. Thank you.

6 And this table shows that there were material
7 amounts reimbursed by MEARIE to Elexicon over the
8 historical period. Can you advise where these
9 historical reimbursements flow in the company's
10 regulated accounting?

11 Z. ISLAM: Mr. Gluck, in regards to the
12 recording of the claims, dependent on the source of
13 the claim, whether that would be related to a capital
14 asset or related to an operating expense transaction,
15 we will treat or record the cost accordingly.

16 L. GLUCK: Okay. So if it was a capital asset,
17 you would record that as effectively like a capital
18 contribution; it would offset the value of the asset?

19 Z. ISLAM: It would offset the costs required to
20 -- you know, to upgrade the asset or whatever repair
21 or work needs to be done to make that asset
22 effectively operational again.

23 L. GLUCK: Thank you.

24 And for OM&A, what would it do? It would just
25 go into the budget -- you know, if you have a budget
26 for, I don't know, station maintenance or something,
27 and you received an insurance claim, that money would
28 sort of offset whatever cost you incurred to do that

1 work?

2 Z. ISLAM: That would be correct. So whatever
3 maintenance cost we incurred in relation to that
4 claim, like, the origination of the claim, it will
5 offset those costs.

6 L. GLUCK: Thank you.

7 And on a forecast basis, did you include any
8 dollars associated with insurance claim-related
9 reimbursements offset?

10 Z. ISLAM: No, we didn't because that is not
11 something we can forecast for, not that we plan on
12 claiming insurance.

13 L. GLUCK: Okay. And I see in this table, you
14 have provided just the value of claims reimbursed by
15 MEARIE. I understand from the response above that
16 there may have been more amounts that were paid by
17 third party providers, for example.

18 Is that something you could undertake to provide
19 the total amount that was paid? And given the
20 response that you made -- you provided earlier, can
21 you break it out between the use of the funds as to
22 between capital and OM&A?

23 Z. ISLAM: Mr. Gluck, in regards to the other
24 third party claims, we do have claims in regards to,
25 you know, accidents that -- for example, like, our
26 customers hitting our pole. So we do make claims in
27 regards to those kinds of situations. And it is part
28 of our other revenue. We can certainly provide the

1 exact reference as to which accounts hold those
2 balances and can break that out for you.

3 The second question you had was whether we can
4 divide up the balances that we see in Table 2 between
5 OM&A and capital.

6 We can take an undertaking to see on a best-
7 efforts basis whether that can be provided as I am
8 not sure historically we have those records available
9 to us in relation to some of these claims.

10 L. GLUCK: Thank you.

11 T. HOBBINS: That will be Undertaking JT-3.5.

12 **UNDERTAKING JT-3.5: PROVIDE A BREAKDOWN OF THE**
13 **BALANCES SHOWN IN 4-CCC-56, TABLE 2 BETWEEN OM&A**
14 **AND CAPITAL**

15 L. GLUCK: And just a follow-up question on the
16 third party claims that are in other revenue, do you
17 forecast out amounts for that, for those claims?

18 Z. ISLAM: Yes, we do forecast for those
19 amounts, and it is forecasted on the historical
20 average basis.

21 L. GLUCK: Okay. Thank you.

22 Can we go to Table 1 of the same IR, please.

23 And you will see here that the CEO office cost
24 increased by approximately 60 percent between 2025
25 and 2027. Can you provide a more -- can you
26 undertake to provide a more detailed breakout of the
27 CEO office cost over the 2025 to 2031 period?

28 S. VETISIS: Mr. Gluck, the largest difference

1 here is due to the change in the governance
2 structure. Whereas in the past, the CEO was an
3 employee of Elexicon Energy, under our new governance
4 structure, they are an employee of the hold co and
5 their compensation is charged down through the --
6 through our management fees.

7 [Court Reporter Interjection]

8 S. VETSIS: To be honest, it was probably a
9 mumble because I was finding the right word.

10 It is now charged down through a management fee.
11 The biggest driver of that increase is a shift from
12 what used to be in the labour line down into the
13 bridge -- sorry, down into the CEO office line.

14 And I think as well, if you take a look, you
15 know, you are comparing '23 and '24. I would go back
16 to 2020 to 2022.

17 In this line as well, we have costs for external
18 support for the execution of strategic initiatives,
19 you know, support to execute on corporate strategy.
20 And so when you take a look at in '23, '24, those
21 activities had reduced as the organization was
22 developing its new strategy.

23 And so when we take a look at 2027, if you take
24 away the management fee of the CEO, the amounts that
25 you are left with, which are approximately \$1 million
26 as indicated in, I think, Appendix 2N, what you are
27 left with is 89,000. And so the difference between
28 kind of that steady state of 70K a year is a few

1 hundred K, and that is just additional costs for the
2 -- just given the magnitude of the strategic
3 initiatives that we have going forward to implement
4 our corporate strategy.

5 L. GLUCK: Thank you.

6 And 2025 was sort of the year that this
7 transition happened?

8 S. VETSIS: Yeah, the position arrived mid-year,
9 so you wouldn't see the full cost impact.

10 L. GLUCK: Okay. Thank you.

11 And can we go to Table 3 of the same IR. You'll
12 see here that the number of board of -- board of
13 directors count is down from 18 to 16 between '25 and
14 '27; is that right?

15 S. VETSIS: That is correct.

16 L. GLUCK: And the meeting count is down from 47
17 to 30 over the same years?

18 S. VETSIS: Where are you getting the 40 from?
19 Which year?

20 L. GLUCK: 47, 2025. I added up 21 plus 26.

21 S. VETSIS: Yeah, I see that reduction, yes.

22 L. GLUCK: Thank you.

23 And if we go to Table 4, the cost for the board
24 of director fees is increasing by a half million
25 dollars between '25 and '27?

26 S. VETSIS: Yes, I see that.

27 L. GLUCK: And can you explain why that is?

28 S. VETSIS: There are two factors. One is, as

1 we mention in this interrogatory, the -- there was a
2 change in our governance structure. Now under the
3 new governance structure, we are leveraging
4 committees at the holdco level to now the
5 organization has refocused to be purely on the
6 regulated business. So there is a small component
7 due to the change in allocation there.

8 The bigger driver, however, is a realignment of
9 our board of directors costs to align with market.
10 So those director fees had been flat since merger.
11 And given the changes in the growing sophistication
12 of the organization, we want to realign the board
13 compensation to ensure we have the right calibre of
14 expertise to oversee the organization as it goes
15 forward.

16 L. GLUCK: Okay.

17 S. VETISIS: So those are the two factors driving
18 that.

19 L. GLUCK: Thank you.

20 Can we go to the version of Appendix 2-K that
21 was provided with 4-CCC-57, please. And if we look
22 at the management category here, would you take it
23 subject to check that the 2025 incentive pay per FTE
24 is approximately \$16,000, and in 2027, it is proposed
25 to be \$39,000?

26 S. VETISIS: Sorry. Mr. Gluck, could you repeat
27 the two numbers you wanted us to look at?

28 L. GLUCK: Sure. So in 2025, the incentive pay

1 per FTE was \$16,000. So essentially, you would take
2 the \$518,000 in line 20, and you would divide it by
3 the 33 management employees, and that would be the
4 16,000?

5 B. WALKER: Just to clarify, you are looking for
6 the difference between FTE in the management
7 incentive between '25 and '27; correct?

8 L. GLUCK: That is right. And then we can make
9 it simpler. It more than doubles; is that right?

10 B. WALKER: That is correct.

11 L. GLUCK: Okay. Thank you.

12 And can you help me understand the rationale for
13 that increase?

14 B. WALKER: The difference is with respect to
15 compensation changes that we are making effective
16 2026 that impact the STI program.

17 L. GLUCK: And can you explain that further, the
18 reason for that?

19 B. WALKER: So as provided in the evidence, you
20 will have reference to Mercer compensation review.
21 So the changes do stem from that market review that
22 Elexicon anticipated requiring some changes to the
23 compensation structure.

24 And just for clarity, the first year of the STI
25 impact would hit in '27 for the '26 performance year,
26 so you will see that jump. So market adjustments
27 were made with respect to paying the STI based on an
28 employee's actual base pay versus a midpoint of the

1 bands that employee sits in.

2 And, again, the evidence from the market review
3 is provided within the evidence.

4 L. GLUCK: Thank you. And can you --

5 S. VETSIS: And we would add as well --

6 L. GLUCK: Go ahead.

7 S. VETSIS: Mr. Gluck, there is the lag that we
8 mentioned in terms of the year for compensation, so
9 the 2025 value that you showed was based off a 2024
10 performance.

11 L. GLUCK: Right.

12 S. VETSIS: And I believe we have a CCC -- that
13 year, we had a low corporate scorecard performance
14 where the organization achieved less than a hundred
15 percent. And so that is another reason why that year
16 is particularly low.

17 L. GLUCK: Thank you.

18 Given the linkage between the incentive pay
19 increase proposed and the benchmarking results in the
20 Mercer report, can you undertake to reconcile the per
21 FTE incentive pay increase in each of the management
22 and non-union categories relative to the Mercer
23 report?

24 Z. ISLAM: Mr. Gluck, the reconciliation with
25 the Mercer comp study, it is not a straightforward
26 reconciliation because we have existing employees who
27 are getting a correction in relation to their
28 incentives, as -- as -- as was mentioned by my

1 colleague Brad Walker.

2 Additionally, we are adding on new FTE positions
3 in the forecast years of the Appendix 2-K. And the
4 employees are being added at an average cost, and
5 that necessitates adding additional incentive dollars
6 for each position. So it is not possible to provide
7 the reconciliation that you are requesting.

8 L. GLUCK: Okay. Thank you.

9 So what you are saying is they won't match?
10 Like, the math won't...

11 Z. ISLAM: The math won't work. But obviously,
12 we have -- as my colleague Brad Walker just stated,
13 we have made the adjustments as per the Mercer study.

14 L. GLUCK: And when you say that, you mean for
15 the existing employees only?

16 Z. ISLAM: For existing employees as well as new
17 employees being brought on in the organization.

18 L. GLUCK: So why wouldn't it match, then?
19 Because I can't reconcile the incentive -- the
20 percentage increase in -- this is where it is coming
21 from. The percentage increase in the incentive pay
22 that you are showing in Appendix 2-K relative to what
23 is recommended in the Mercer report relative to the
24 P50 median, they don't match?

25 Z. ISLAM: Mr. Gluck, we can take an undertaking
26 and explain exactly why the math won't match.

27 L. GLUCK: I would -- I would appreciate that.
28 Thank you.

1 T. HOBBINS: That will be Undertaking JT-3.6.

2 **UNDERTAKING JT-3.6: ADVISE WHY THE PERCENTAGE**
3 **INCREASE IN THE INCENTIVE PAY SHOWN IN APPENDIX**
4 **2-K RELATIVE TO WHAT IS RECOMMENDED IN THE**
5 **MERCER REPORT RELATIVE TO THE P50 MEDIAN DOESN'T**
6 **MATCH**

7 T. HOBBINS: Mr. Gluck, I also note that you are

8 --

9 L. GLUCK: Past time.

10 T. HOBBINS: -- about 15 minutes over time.

11 L. GLUCK: Yes. Sorry.

12 I do have one question that I know is for Panel
13 3, but if this panel can answer it, and I think it is
14 for Mr. Vetsis, then I would have no questions for
15 Panel 3. Is that -- it is related to bill impacts.
16 Is that something the panel would be willing to do?

17 S. VETISIS: Let's try and see how it goes.

18 L. GLUCK: Okay.

19 Can we go to 10-CCC-70, Part B, please. Thank
20 you. And if we look at Table 1 here, can you just
21 explain the difference between the Exhibit 10 impact
22 and the updated 1-Staff-1 impact?

23 Really what I am asking is, is the updated 1-
24 Staff-1 impact the most up-to-date bill impacts on
25 the record? It is up a little bit on -- I am looking
26 at Table 1.

27 S. VETISIS: I believe in Round 2, we filed some
28 updated bill impacts because the DVA rate riders had

1 changed.

2 L. GLUCK: Okay. And this doesn't have that?

3 S. VETSIS: I don't believe that this
4 calculation has that update.

5 L. GLUCK: Okay.

6 S. VETSIS: Sorry. However -- sorry. Part B --
7 my apologies -- excludes rate riders, so I would
8 expect there to be alignment, however, with Part B.
9 Part A would not align.

10 L. GLUCK: Part A would not align. Part B would
11 align. Okay.

12 And that was -- there is a bill impact model on
13 the record in Round 2 somewhere? You don't have to
14 tell me where it is. I will find it.

15 S. VETSIS: Give me 40 seconds.

16 L. GLUCK: Okay.

17 S. VETSIS: All right. I will probably need
18 more than 40. Can we -- we will get that to you
19 after the break.

20 L. GLUCK: Okay. Any time. Okay.

21 Thank you. Those are my questions for Panel 2
22 and Panel 3. Thank you.

23 T. HOBBINS: Thank you, Mr. Gluck.

24 Next up is SEC.

25 **CROSS-EXAMINATION BY J. SCOTT (SEC):**

26 J. SCOTT: Good morning, Panel. It is Jane
27 Scott. I am a consultant on behalf of the School
28 Energy Coalition. Mr. Gluck did cover a couple of my

1 questions, so hopefully I can get us back on time.
2 Just picking up on the question before -- the last
3 one about the incentive pay, and I was going to ask a
4 similar question: Could you tell us what the
5 assumption was in terms of what the performance --
6 Elexicon's performance would be in -- I guess it is
7 '26 to 2030 when you count in the lag, but in terms
8 of making the forecast for incentive pay?

9 B. WALKER: With respect to the incentive pay,
10 it is set based on the stretch factors of the plan.
11 And the reason why we set that based on stretch is
12 with the growth and the business plan going forward
13 of Elexicon, we want to make sure that we have the
14 right incentives in place to drive performance within
15 our system.

16 J. SCOTT: Thank you very much.

17 So if we can start with 4-SEC-86. And in this
18 IR, we asked about the vacancy rate. And maybe I
19 will just start with a question: How does Elexicon
20 define "vacancy rate"?

21 Z. ISLAM: Ms. Scott, in regards to the vacancy
22 rate, from an accounting perspective, we define it as
23 the labour cost that we have budgeted and the actual
24 cost in regards to labour realized and the difference
25 between the two as a result of vacant positions
26 during the course of a year.

27 J. SCOTT: Okay. So labour cost budgeted over
28 labour cost -- or I guess the other way around,

1 actual over -- okay -- one over the other, labour
2 cost budgeted over actual labour cost?

3 Z. ISLAM: It is the differences -- difference
4 between the budgeted labour costs and actual labour
5 costs normalized for any abnormal events such as
6 storms.

7 J. SCOTT: Okay. And is that how you forecasted
8 the 2 percent going forward?

9 Z. ISLAM: The 2 percent represents the actual
10 vacancy dollars that Elexicon has realized in fiscal
11 year 2024. We have held that constant over the
12 forecast period from 2026 to 2031, and the reason for
13 that being held constant has been provided in Part B
14 of that IR.

15 J. SCOTT: Maybe could I ask that we be given an
16 undertaking that shows the dollar values that were
17 used for the historical vacancy rate and the forecast
18 vacancy rate, then?

19 Z. ISLAM: Ms. Scott, we can certainly provide
20 the dollars in relation to those vacancy rates. But
21 I would just like to note, as part of that response,
22 we have noted, because Elexicon maintains such a lean
23 workforce, any vacancy yields in significant overtime
24 work for existing staff as well as we have to
25 supplement our staff with contractors as a result of
26 those vacancy-incurring incremental costs for the
27 organization.

28 J. SCOTT: And are those contractor costs then -

1 - if I think I -- I read that they were not included
2 in the calculation of the vacancy rate; is that
3 correct?

4 Z. ISLAM: Yes, that is correct. The vacancy
5 rate does not include contractor-related costs. It
6 looks at purely internal staff, so the amounts that
7 we have budgeted for our full-time internal staff
8 compared to the actual costs in relation to those
9 employees.

10 J. SCOTT: Okay. So I understand that.

11 And so if you could provide that. And if the
12 actual labour costs do not correspond to 2-K, maybe
13 you can explain why that is, if you have made an
14 adjustment, a normalization adjustment, or something.

15 Z. ISLAM: Ms. Scott, I believe the undertaking
16 was to provide the vacancy dollars in relation to the
17 percentages as shown in Table 1 and Table 2?

18 J. SCOTT: Right. So there would be a budgeted
19 dollars and an actual dollars; correct?

20 Z. ISLAM: So just to understand this correctly,
21 are you asking us to provide the methodology, like,
22 the backup calculation as to how we are arriving at
23 those vacancy dollars?

24 J. SCOTT: Yes.

25 Z. ISLAM: Ms. Scott, we will take the
26 undertaking and provide the explanation as to how we
27 came up with those -- with those figures.

28 J. SCOTT: Thank you.

1 T. HOBBS: So that will be Undertaking JT-3.7.

2 **UNDERTAKING JT-3.7: PROVIDE AN EXPLANATION FOR**
3 **HOW THE VACANCY DOLLAR FIGURES WERE ARRIVED AT**
4 **IN TABLE 1 AND TABLE 2 OF 4-SEC-86**

5 J. SCOTT: So there was another IR, a Staff IR,
6 4-Staff-109, which also talked about a vacancy rate,
7 and that was -- at that time, they asked about the
8 vacancy rate for mid-2025, I think, and it was 4.28
9 percent.

10 Now, the answer at that -- for that IR says it
11 is a recruitment-based measure of actual headcount
12 versus planned headcount. So this is a different
13 vacancy rate than the one we just discussed; is that
14 correct?

15 B. WALKER: Yes. The people and culture team
16 uses the term "vacancy rate" as well. So it was
17 misleading compared to the financial use of it for
18 staff gapping. We use it just based on the number of
19 hires forecasted and essentially a recruitment
20 workload number.

21 J. SCOTT: Thank you.

22 And I am going to talk about positions. What I
23 would like is -- it is probably going to be an -- I
24 think it is an undertaking that shows the number of
25 positions each year and the change in positions that
26 corresponds to the tables that you have given with
27 positions being added.

28 Now, you may eliminate positions as well, but

1 the change in position and each year so I can relate
2 that to the change in FTEs each year.

3 D. COBAN: Ms. Scott, just I am having a bit of
4 a hard time understanding what you are looking for.
5 Could you maybe rephrase for us?

6 J. SCOTT: The -- well, I am trying to get to
7 the relationship between positions and FTEs which
8 some utilities use as a vacancy rate.

9 So we have got IRs that show the number of
10 positions that are being added, but I don't have sort
11 of the base starting point. So for each year from
12 2020 up to 2031, the number of positions, actual or
13 forecast, then that -- the delta of the number of
14 positions each year, which I am assuming would be a
15 combination of additions of positions, but there may
16 be some positions that are eliminated for various
17 reasons.

18 B. WALKER: So, Ms. Scott, on the position basis
19 of what we added historical is reflected in Staff-
20 102. And going forward, positions to be put in --
21 added to the staffing complement are in Staff-103.

22 J. SCOTT: Yes, and I am going to ask some
23 questions about those. But what I don't have is the
24 --

25 B. WALKER: And maybe I will just --

26 J. SCOTT: -- starting point. Yeah.

27 B. WALKER: Maybe I will offer you, the FTE
28 value would be very difficult to derive on a

1 position-by-position basis, but I would point you to
2 -- offer 4-CCC-57 which shows at a division level the
3 FTE value between 2020 and 2021, and hopefully that
4 could provide some help for you as well.

5 It would just be very difficult on a position-
6 by-position level to break the FTE value down going
7 back into the historical period.

8 J. SCOTT: No, no, no. And I wasn't -- I was
9 not asking for that. That is -- what I was asking
10 for is just what is the start -- at the beginning of
11 2020, how many positions were there?

12 And then you added whatever you show in 4-Staff-
13 102, and as I said, you might have eliminated. So at
14 2021, you had so many positions.

15 B. WALKER: So between -- in the historical
16 period 2020 to the end of 2025, in CCC-57, that
17 reflects the FTE value. And going forward, the
18 positions are reflected for forecasting period as
19 position.

20 And, again, it would be very tough to reconcile.
21 It will be a snapshot in time of when those hires go
22 in.

23 J. SCOTT: Sorry, but -- so we do not -- you do
24 not have the number of positions in 2020 total?

25 B. WALKER: So the number of positions for the
26 historical years, I don't have on hand, and I would
27 have to look at the feasibility before committing to
28 breaking all those down into -- or putting them into

1 positions to reflect that FTE value.

2 J. SCOTT: I am not looking for the names of the
3 positions. I am just looking for a total number of
4 positions. But if you could look at that, undertake
5 to look and see if you can provide that?

6 B. WALKER: That, I can do.

7 J. SCOTT: Thank you.

8 T. HOBBINS: That will be Undertaking JT-3.8.

9 **UNDERTAKING JT-3.8: PROVIDE THE NUMBER OF**
10 **POSITIONS, ACTUAL OR FORECAST, FOR EACH YEAR**
11 **FROM 2020 TO 2031**

12 J. SCOTT: And just to close this out, so on
13 Appendix 2-K, the compensation numbers that are
14 provided, they relate to the number of FTEs that are
15 shown; is that correct?

16 Z. ISLAM: Yes, that is correct.

17 J. SCOTT: Okay. Thank you.

18 So if we could look at 4-Staff-102, which is the
19 positions that were added between 2020 and 2025. And
20 I actually -- it says there is 54 positions, whereas
21 I actually get 55. But my understanding is that this
22 Table 1, if I look at Table 1 and I look at Table 2,
23 the total of those is all of the positions that have
24 been added 2020 to 2025; is that correct?

25 B. WALKER: Between those two tables, that is
26 correct.

27 J. SCOTT: Okay. Now, there was one position
28 that caught our eye and maybe you can explain. The

1 manager of corporate giving, if you could explain
2 that, what that position is responsible for.

3 S. VETISIS: That position has a few areas of
4 accountability. It manages Elexicon's corporate
5 giving program, so donations. It manages Elexicon's
6 engagement in communities where we attend community
7 events as a way of engaging with our customers
8 directly. It also deals with employee events,
9 engagements, that kind of thing.

10 And so the way this role works is that any costs
11 associated with a corporate giving are booked to EC,
12 to our hold co, and the net cost associated with
13 employee engagement and those community interactions
14 with our customers is what is funded by Elexicon.

15 J. SCOTT: Okay. So I was going to ask about
16 the allocations from EE to EC, and that is -- that
17 position is part of those allocations; correct?

18 S. VETISIS: I believe that is correct.

19 J. SCOTT: Okay. Thank you.

20 In 4-Staff-103, it also lists student and co-op
21 positions. Now, when you add a student position, is
22 that with the assumption that the -- they are there
23 all year round or only for part of the year or...

24 B. WALKER: So, yes, the table refers to
25 positions, but there would be an FTE value
26 attributable to those which would -- the total number
27 of positions you see in the chart from an FTE value
28 would be lower for those positions.

1 J. SCOTT: Okay. Thank you.

2 We did from Panel 1 have an update on the hiring
3 for the system control centre for 2026 which was
4 there had been none to date. Could you give us an
5 update on the rest of the positions in 2026? Where
6 do you stand? I have a total of 22 positions were
7 being added in 2026; correct?

8 B. WALKER: I would like to confirm that during
9 break, if possible, just so that I can give you the
10 latest and greatest, if that is okay.

11 J. SCOTT: That would be fine. Thank you very
12 much.

13 If we go back to 1-SEC-1 and the attachment, and
14 this is when we were looking at the original draft
15 plan versus the final plan. And if we could go -- it
16 is the page that says "65335" on it. Yes, that one
17 there.

18 So yesterday we talked a bit about the changes
19 from the capital expenditures between the draft plan
20 and the final plan. The OM&A -- now, the 448 million
21 that is shown in the final plan from my -- when I
22 looked at the OM&A numbers in 1-SEC-13 in the

23 2JA, it did not correspond. So maybe there is
24 something else included in that 448 other than the
25 straight OM&A?

26 Z. ISLAM: Ms. Scott, 1-SEC-13 includes updated
27 costs in relation to our control centre program as
28 well as updated forecasts for our application costs.

1 J. SCOTT: Yes. If we look at 1-SEC-12, and
2 that is where I was going to take you next, which
3 shows the changes in the -- between the draft plan,
4 but the -- yes, the 442 -- well, I get from 1-SEC-13,
5 for the five years, the total OM&A is 442.9 which is
6 less, obviously, than the 448 million that is shown
7 here.

8 I am just trying to reconcile this slide with
9 what is given in 1-SEC-12, which actually shows the
10 impact on OM&A as minus 2.5 million, and then what is
11 shown in 1-SEC-13, which is, again, a different
12 number for the five-year OM&A.

13 Z. ISLAM: If we can just go back to SEC-1, and
14 go down to that slide, slide number --

15 S. VETISIS: Sixty-five.

16 Z. ISLAM: Sixty-five.

17 S. VETISIS: Is that the one? Right there.

18 Z. ISLAM: So, Ms. Scott, the 448 million as
19 shown in this slide, it includes Dx NEXT costs as
20 well.

21 As you note, there is a note at the bottom. It
22 is shown on an IFRS basis, so we had not removed the
23 Dx cost in relation to the rate rider treatment that
24 we see in the regulatory accounting side of the
25 house.

26 J. SCOTT: Right. That is shown on 1-SEC-12,
27 the million dollar reduction. Because if I take the
28 433 million minus the 2.5 million, then I get

1 something less than 448 and something less than the
2 sum of the -- and I understand the change in the
3 system control office was added afterwards.

4 Z. ISLAM: Just to clarify again, Ms. Scott, the
5 numbers that you see in Table 1 is based on our MIFRS
6 or regulatory treatment or accounting treatment, as
7 opposed to the slides that we were showing you in 1-
8 SEC-1 which is based on IFRS treatment. So
9 essentially --

10 J. SCOTT: Well, my understanding is that the
11 draft plan was based on Dx NEXT being capitalized.
12 And then when you went to the final plan, you, as
13 shown here, removed the capital, and you also removed
14 the OM&A because you put it into a variance account.

15 Maybe just for the sake of time, I could ask you
16 to undertake to reconcile the 433 million, the 448
17 million, and the five-year OM&A number from 1-SEC-13,
18 2JA.

19 S. VETISIS: We will take that undertaking.

20 J. SCOTT: Thank you.

21 T. HOBBS: That would be Undertaking JT-3.9.

22 **UNDERTAKING JT-3.9: RECONCILE THE 433 MILLION,**
23 **THE 448 MILLION, AND THE FIVE-YEAR OM&A NUMBER**
24 **FROM 1-SEC-13, 2JA**

25 J. SCOTT: 1-SEC-26, we asked about productivity
26 initiatives. And as I understand the answer, there
27 were no structured initiatives to improve
28 productivity and efficiency after the merger savings

1 had been realized. Have I got that right?

2 S. VETISIS: The quantifiable -- as indicated in
3 the interrogatory, the quantifiable productivity
4 savings were the synergies themselves. And following
5 that initial period of the organization coming
6 together, our business circumstances changed, as
7 articulated in Exhibit 1, Tab 4, Schedule 1, and so
8 the organization's focus shifted to ensuring it was
9 scaling to meet the increasing demands being placed
10 on the business.

11 J. SCOTT: And if I understand correctly, that
12 going forward into the forecast period, other than
13 efficiencies realized out of the Dx NEXT, there is
14 nothing planned or structured in terms of
15 productivity; is that correct?

16 S. VETISIS: Ms. Scott, can we go to 1-CCC-9.
17 Again, Ms. Scott, as we see in CCC-9, there a
18 projection of Elexicon's execution of its -- as you
19 know -- sorry. Let me take a step back.

20 Elexicon -- with Dx NEXT itself, we will confer
21 productivity benefits which are quantified throughout
22 the plan. We talked about the benefits through the
23 avoidance of headcount that are built within. The
24 chart here shows the efficiency that Elexicon will
25 have over the rate term through the execution of Dx
26 NEXT. It will allow us to deliver on a growing
27 capital plan with a very lean workforce.

28 So I think the business plan itself reflects

1 increased productivity, increased throughput through
2 the leveraging of appropriate technological tools
3 that will be enabled through Dx NEXT. And then
4 further from that, our rate framework will incent us
5 to continue to find productivity savings over the
6 term if we want to achieve our regulated ROE.

7 J. SCOTT: So the savings that you were talking
8 about from -- which can be seen from this chart, are
9 they incorporated in the savings that we looked at
10 from 4-SEC-51?

11 S. VETISIS: Where we were able to directly
12 quantify savings through avoided headcount or other
13 manners, we had done that in the other interrogatory;
14 however, there are qualitative savings built in
15 throughout -- through the workforce plan itself
16 throughout the organization.

17 And so all of us, as we built our workforce
18 plans for our various lines of business, contemplated
19 the potential efficiencies we would have through Dx
20 NEXT, and it allowed us to propose the lean workforce
21 that underpins this application.

22 And so as you see here, the FTEs are low
23 relative to the level of CapEx that we will be
24 delivering, the level of investment activity we will
25 have over the period.

26 J. SCOTT: So the savings that are shown in 4-
27 CCC-51, we looked at them with Mr. Gluck -- maybe if
28 you just pull those up, the table. Yes.

1 So the 3.77 million annually, so from that is
2 the -- without the Dx NEXT in 2027, the OM&A would
3 have been 3.77 million higher?

4 S. VETISIS: I don't know that we can make that
5 assessment solely. As I mentioned earlier, the
6 entire workforce plan was built on the assumption of
7 having the capabilities of Dx NEXT. So I would
8 actually expect our OM&A as well as our workforce
9 plan to have been higher to have a greater impact
10 than what is indicated in this table. It is just due
11 to the nature of the work, we are unable to directly
12 quantify all of it the way we are with some of the
13 functions that are here.

14 J. SCOTT: But in terms of directly
15 quantifiable, it -- and the reason I ask is my
16 understanding is the implementation of Dx NEXT goes
17 through 2027. So will you be in a position in 2027
18 to realize a full year of savings?

19 L. FROST-HUNT: Ms. Scott, the benefits related
20 to Dx NEXT do have a ramp period over the five years.
21 They are back ended. But if we take the total over
22 the five years and divide by five, that is how we are
23 deriving the 3.77 million. So we wouldn't
24 necessarily see that full number in the first year of
25 the plan because it is an average over the five.

26 J. SCOTT: Okay. Thank you very much.

27 If we -- in 9-SEC-96, we asked about -- this is
28 for the variance account for the Dx NEXT, and the

1 response says that:

2 "All Dx NEXT-related amounts were outside of
3 the base rates, the base upon which rates were
4 determined, because when base rates were
5 established, neither legacy utility had any ERP
6 solution." (as read)

7 Can we then go to 4-SEC-78. And on the table
8 that shows the legacy systems. So my understanding
9 is that these are legacy systems that Dx NEXT will
10 replace; is that correct?

11 L. FROST-HUNT: Ms. Scott, Table 1 does reflect
12 the legacy systems that are considered to be
13 decommissioned as Dx NEXT progresses.

14 J. SCOTT: So if there was no Dx NEXT, you would
15 have to either continue these systems or replace them
16 with something else; is that -- am I correct in that
17 understanding?

18 L. FROST-HUNT: Yes, that is correct.

19 S. VETISIS: I would add, however, Ms. Scott,
20 that given the age of these systems, they are fully
21 depreciated at this point.

22 J. SCOTT: Well, and that's -- that was going to
23 be my next question, Mr. Vetsis. Some of them, yes,
24 I can see that, but some of them, I think there has
25 been fairly recent investments.

26 But maybe for my purposes, can -- what can you
27 provide in terms of which ones were in original base
28 rates -- or maybe the question is, in the base rates

1 for each of the two utilities, what was the capital
2 investment related to software similar to -- or of
3 this type?

4 Z. ISLAM: Ms. Scott, to respond to your
5 question, the legacy utilities did not have any
6 specific amounts incorporated in their base rates
7 related to cloud computing initiatives, so as a
8 result and as per the OEB letter that was issued on
9 November 2nd, 2023, which is referenced in Exhibit 9,
10 Tab 3, Schedule 5, page 15, line 2024, as...

11 J. SCOTT: No. But I recognize that, but they
12 would have -- because nobody -- when -- when they
13 last rebased, no one had heard of cloud computing,
14 but they did have capital solutions; is that correct?
15 And so they would have had capital dollars in their
16 budgets for IT programs?

17 Z. ISLAM: If I can just complete my previous
18 response, Ms. Scott.

19 So if you can refer to line 24 as well as line 5
20 in page 16, as per the OEB cost of capital decision,
21 all cloud computing costs are eligible for deferral.

22 S. VETISIS: Sorry. Ms. Scott, that was a
23 complete response. I just want to double-check. Is
24 there a follow-up question?

25 J. SCOTT: Again, are there -- maybe just ask
26 for an undertaking, then, for the IT capital amounts
27 in the two utilities' last rebasing application.

28 S. VETISIS: Ms. Scott, we will take the

1 undertaking on a best-efforts basis. I do want to
2 caveat we are talking about applications that were 12
3 years ago for Whitby -- sorry -- Veridian, and for
4 Whitby, oh, what are we at now, 15 years. Whitby
5 didn't even have a DSP, so the level of detail that
6 is available is quite limited. So like I said, we
7 will take the undertaking on a best-efforts basis.

8 J. SCOTT: Thank you. I appreciate that. And I
9 understand that it is computers and depreciation and
10 whatever.

11 T. HOBBINS: So that will be Undertaking JT-
12 3.10.

13 **UNDERTAKING JT-3.10: PROVIDE THE IT CAPITAL**
14 **AMOUNTS IN THE TWO UTILITIES' LAST REBASING**
15 **APPLICATIONS**

16 T. HOBBINS: And, Ms. Scott, I propose that we
17 take the morning break unless you would like to
18 continue.

19 J. SCOTT: No, that is fine. I have a few more
20 questions, and then my colleague Mr. Rubenstein has
21 some questions, so now is -- now is fine.

22 T. HOBBINS: Okay. So we will resume at 11:20.

23 --- Upon recessing at 11:03 a.m.

24 --- Upon resuming at 11:22 a.m.

25 T. HOBBINS: Okay. I believe we will resume.
26 We have SEC continuing for approximately 30 minutes.

27 J. SCOTT: If we could pull up 4-CCC-36. And
28 this question was about the pacing of the OM&A. But

1 if we go down to the table below, so my understanding
2 is that what Elexicon has done is they have delayed
3 hiring, so am I correct in that the 1.74 million is
4 planned hiring in 2027 that has been delayed until
5 the following year? Is that -- maybe you could
6 explain what -- how the delayed hiring works.

7 S. VETISIS: So why don't we start at the bottom
8 of the table and work our way upwards. So the OM&A
9 without pacing would be the cost if we had hired all
10 the FTEs in 2027, right. And what 1.74 million is is
11 it is the -- it is the cost associated with those
12 FTEs, all those FTEs.

13 Now, in our plan, we have paced some of that
14 spend. So when we go into the next year, to 2028,
15 the value decreases a little bit, right. And there,
16 there are certain -- that is because our plan already
17 adds some positions in in 2028, so we are not double
18 counting. And it is the same thing in 2029.

19 J. SCOTT: Okay. You lost me on that one.

20 So -- so what is happening in 2027, you were
21 planning to hire a certain number of people, but you
22 were delaying some of them; is that correct?

23 S. VETISIS: Ms. Scott, could -- I will try
24 explaining this another way. Let's just keep a few
25 of these numbers in mind before we jump to the other
26 interrogatory. So, you know, we have that \$1.74
27 million in 2027. Okay.

28 So let's go to 4-CCC-57, table -- oh, sorry --

1 page 8, Table 2. So in this table, you see a list of
2 positions that are being added in each year. And so
3 if we -- effectively, that 1.74 million that we were
4 discussing earlier is the cost of the hirings in '28
5 and '29 had we made those in 2027.

6 J. SCOTT: All of them or the delta?

7 S. VETSI: The incremental positions.

8 J. SCOTT: The -- the -- the delta. Okay.

9 And is the assumption that the hiring is all
10 done as of January 1st of the year in which you are
11 hiring them? Normally. I know the answer to the
12 previous IR said about delaying it throughout the
13 year, but normally, is that the assumption?

14 S. VETSI: For the forecast years, so '27 and
15 2031, the assumption is the positions are available
16 as of January 1st. Given that we are aware of our
17 workforce needs, we would begin the hiring processes
18 sufficiently in advance to ensure that those bodies
19 are in seats to deliver on the program that we have
20 anticipated each year.

21 J. SCOTT: Okay. Thank you.

22 If we can look at 4-SEC-75, Table 1. And the
23 rating agency charges are doubling in 2027, if you
24 could explain that, please.

25 Z. ISLAM: The increase in rating agency charges
26 related to Elexicon's expected debt issuance in 2027.

27 J. SCOTT: And the reason it continues, then,
28 through the five years?

1 Z. ISLAM: It is just an inflationary increase.

2 J. SCOTT: Okay.

3 If we could go to 4-Staff-105, the attachment.

4 If I could ask you to add two columns, '25 and '26,
5 to this table?

6 Z. ISLAM: Ms. Scott, we will not be able to
7 replicate the information that is shown in this table
8 for 2025 and 2026, specifically because the inflation
9 factor is different for each category of expense, and
10 we are not able to isolate that in actuals.

11 J. SCOTT: Okay. Thank you.

12 My last question, if we can pull up 1-SEC-13,
13 Appendix 2-H, the other revenue. That is an Excel
14 spreadsheet. Sorry. So Account 4335, which is
15 profits and losses from financial instrument hedges,
16 so this has been updated for 2025, and if I am
17 correct, it is a \$2 million, and that is a loss; is
18 that correct? Sorry?

19 Z. ISLAM: The \$2 million in 2025 reflects
20 again. And just to note, these are unrealized losses
21 and gains, which are determined by the market
22 movement in inflation -- or sorry -- our interest
23 rates.

24 J. SCOTT: So you have not forecast anything for
25 the future years. I know it stops in 2028, but when
26 I -- when you look at the original 2-H, you had
27 forecasted 50K for 2025 where the actual was 2
28 million. How did you forecast the 50K?

1 And we can pull that up, if you want, the
2 original 2-H.

3 Z. ISLAM: Ms. Scott, I am not quite certain at
4 this point in time what that 50K relates to.
5 However, in regards to the unrealized gains and
6 losses for the swap agreement, what I can confirm is
7 that it is driven by the prevailing market interest
8 rates. So thus, as a consequence, it is very
9 difficult for us to forecast what the impact will be
10 in future years.

11 Furthermore, these amounts have no impact on the
12 base distribution rates as the amounts of the gain or
13 loss will be extinguished on the completion of the
14 swap agreement term date. In conclusion, Elexicon
15 intends to hold the swap agreements until maturity,
16 which is 2028.

17 J. SCOTT: So will there be a final amount in
18 2028 to be recognized one way or the other?

19 Z. ISLAM: So the way the accounting works is
20 that whatever the position is in terms of the gain or
21 the loss in regards to the swap agreement will be
22 reversed in 2028.

23 J. SCOTT: And it will -- it will be an actual
24 gain or loss?

25 Z. ISLAM: It will -- it will not be an actual
26 gain or loss. It is that the gain and loss is
27 reversed. It is an unrealized gain and loss, so the
28 utility does not benefit or incur a loss in regards

1 to this specific line item.

2 J. SCOTT: Okay. Thank you very much.

3 Those are my questions. I think there was one
4 thing taken away at the break, and if you want to
5 take it as an undertaking, that is fine. That was
6 the update on the '26 hiring.

7 D. COBAN: Yes, we can do that by undertaking.

8 J. SCOTT: Okay. Thank you very much.

9 T. HOBBINS: That will be JT-3.10.

10 **UNDERTAKING JT-3.11: PROVIDE AN UPDATE ON THE**
11 **STATUS OF THE 2026 HIRING PLAN INCLUDING THE**
12 **STATUS OF THE 22 POSITIONS TO BE ADDED IN 2026**

13 T. HOBBINS: And I believe Mr. Rubenstein is up
14 next.

15 J. SCOTT: Yes. Thank you very much, Panel.

16 T. HOBBINS: I note that you have about 10
17 minutes of remaining time.

18 M. RUBENSTEIN: Yeah, I will be longer than
19 that, but I think most of my questions for Panel 3
20 when we gave our time estimates are really for Panel
21 2.

22 **CROSS-EXAMINATION BY M. RUBENSTEIN (SEC) :**

23 M. RUBENSTEIN: Can I -- just a quick follow-up
24 on two aspects of some discussions you had this
25 morning. In regards to the discussion with Mr. Gluck
26 about insurance, I just wanted to make sure I
27 understood exactly what you said with respect to
28 insurance proceeds that you receive with respect to -

1 - that relate to the damage of capital assets.

2 I think you said they go towards the cost of the
3 new assets. Do you recall that discussion?

4 Z. ISLAM: Yes, correct.

5 M. RUBENSTEIN: I just want to make sure I
6 understand how this works because I would assume you
7 are generally having to replace the assets before the
8 proceed -- the insurance process plays out and you
9 receive the insurance proceeds.

10 So just from a regulatory point of view, what
11 happens? Is it after the fact you reconcile it?

12 So, for example, if there is a gross cost of an
13 asset of some amount, you reduce the gross cost in
14 rate base to reflect the proceeds?

15 Z. ISLAM: That would be correct. So if the
16 insurance claims are being allocated to a specific
17 capital project for whatever the cause of that claim
18 initially was, yes, so the gross cost of the capital
19 project will be reduced.

20 M. RUBENSTEIN: Okay.

21 And so as I saw from the table in the evidence,
22 there was none for 2026? I mean, you had shown 2020
23 to 2025, the annual amounts.

24 And so, for example, if there are proceeds in
25 2026 that -- for damage that occurs in 2025, you will
26 revise the gross costs in rate base to account for
27 those proceeds that may occur, that may be realized?

28 Z. ISLAM: As I mentioned earlier, these are

1 exceptional events. So we do not plan or forecast
2 for, let's say, vandalism in our assets, on our -- on
3 our assets. So it is not expected. However, if such
4 a claim occurs, we will obviously account for it
5 against the cost incurred to rectify the damage.

6 M. RUBENSTEIN: Have you made any claims in
7 2026?

8 Z. ISLAM: I am not aware -- excuse me. I am
9 not aware of any claims in 2026.

10 M. RUBENSTEIN: In my recollection of looking at
11 the table, and I just want to bring up the IR, there
12 was a very significant amount of claims made, and so
13 when you talk about -- that is why I was a bit
14 confused when you talk about exception. This is at
15 4-CCC-56, Table 2. And the table shows a low of 127
16 claims in 2021 up to 193 claims in 2025.

17 S. VETSIS: I think it's just we don't know the
18 number of claims this year, like, offhand right now.

19 M. RUBENSTEIN: Oh, well, okay. So then maybe I
20 misunderstood. I thought it was --

21 S. VETSIS: I think Mr. Islam said he wasn't
22 aware of any. We do also have a separate insurance
23 function. It is possible some claims were submitted
24 without him knowing. I don't know that number
25 offhand either.

26 M. RUBENSTEIN: Can you undertake to provide us,
27 let us know the number of claims to date in 2026 and
28 the value, if there is any, in 2026 that have been

1 settled.

2 S. VETSI: Again, the IR indicates that there
3 is often a lag between the processing of a claim and
4 payment, but we will see what we can provide with
5 what we have available.

6 T. HOBBS: Okay. That will be JT-3.11.

7 D. COBAN: I think we might have misnumbered the
8 previous undertaking. We had -- we were up to JT-
9 3.10.

10 T. HOBBS: Sorry. So I have it as the most
11 recent undertaking was JT-3.10 before this one.

12 D. COBAN: There is now two JT-3.10s. So the
13 last one should have been 3.11, and we are now at
14 3.12.

15 T. HOBBS: Okay. So this will be JT-3.12.

16 D. COBAN: Thank you.

17 **UNDERTAKING JT-3.12: PROVIDE THE NUMBER OF**
18 **CLAIMS TO DATE IN 2026 AND THE VALUE, IF ANY, IN**
19 **2026 THAT HAVE BEEN SETTLED**

20 M. RUBENSTEIN: And then, Mr. Walker, in
21 response to a question from Ms. Scott about -- I
22 believe it was Ms. Scott -- about the -- what is the
23 level of incentives that are built into the budget, I
24 think you said it is at the stretch target level.
25 Did catch that correct?

26 J. SCOTT: Yes.

27 B. WALKER: That is correct.

28 M. RUBENSTEIN: Are you able to provide for each

1 year of the plan, '27 to 2031, the difference in
2 total incentive pay between -- at the stretch level
3 and at the target level?

4 S. VETISIS: We can undertake to provide that.

5 M. RUBENSTEIN: Thank you.

6 T. HOBBS: That will be Undertaking JT-3.13.

7 **UNDERTAKING JT-3.13: PROVIDE THE DIFFERENCE IN**
8 **TOTAL INCENTIVE PAY AT THE STRETCH LEVEL AND AT**
9 **THE TARGET LEVEL FOR EACH YEAR IN THE PERIOD OF**
10 **2027 TO 2031**

11 M. RUBENSTEIN: Can I ask you to -- if you can
12 go to 1-SEC-2. I just want to make sure I understand
13 the response.

14 So we had asked you to provide copy of the
15 budget guidelines documents provided to departments
16 for the purposes of developing the test year budget.
17 And in the response, you are explaining, I guess,
18 what the instructions were, and it is -- on line 13,
19 you start with:

20 "Business leaders were directed to develop
21 program budgets consistent with the priorities
22 set out by Elexicon's strategic parameters,
23 which focus on customer-informed priorities and
24 system needs." (as read)

25 And then these -- and it lists the three
26 priorities that we have seen in the evidence; do you
27 see that?

28 S. VETISIS: I do see that.

1 M. RUBENSTEIN: I just want to take make sure I
2 understand when you talk about business leaders, is
3 there a difference between business leaders and what
4 I -- what I was -- what I referenced, or what I was
5 trying to reference, in the question which is sort of
6 departments?

7 S. VETSIS: I think what we mean here by
8 "business leaders" would be managers, supervisors,
9 people that are responsible for lines of business.

10 M. RUBENSTEIN: And so do I take it that when
11 they were asked to develop the budget for their
12 individual area of responsibility, that they were
13 told that -- they were told to do so within the
14 context of these three things, and that is the
15 instructions that they were provided? Or is it more
16 detailed instructions? What exactly does a 10
17 percent distribution bill impact look like?

18 Because presumably, individual line managers
19 don't know the answer to that question; right? They
20 wouldn't know that; right?

21 S. VETSIS: No. I think, you know, it is
22 probably a -- could have been some better wording on
23 this one.

24 So, you know, I think we have discussed in
25 evidence the initial guidance, the organization was a
26 needs-based plan, and so there were some initial
27 strategic areas given for employees to think about.
28 Because we -- this is the first seven-year plan

1 Elexicon had ever developed in its history from a
2 bottom-up perspective.

3 And so before undertaking on this initiative,
4 obviously they leveraged the information they have
5 available to them, but we also asked them to think
6 about potential changes and future changes in the
7 sector. So that is kind of the more of the strategic
8 direction that happened at the beginning they then
9 went away and built the needs-based plan.

10 The 10 percent threshold that you see here was
11 actually through the iterative process as we went to
12 finalize the recommended plan, the balanced plan,
13 that ultimately went to customers.

14 M. RUBENSTEIN: So obviously I am simplifying
15 here, but the company went to each of the departments
16 or leaders in each of its areas and said, provide me
17 with based on what you think you are going to need
18 over the next seven years. Then they did that.

19 And then the second step is the -- there was
20 sort of an iterative process where you then applied
21 these things that -- including the 10 percent. Is
22 that how that works, generally speaking?

23 S. VETSIS: At a high level, yes.

24 M. RUBENSTEIN: When we talk about a needs-
25 based, can you give me -- explain what did the
26 company mean when it was providing that information
27 to its -- and I ask because obviously in the capital,
28 we talked -- there is sort of -- that has a specific

1 meaning in terms of the capital evidence, but I am
2 not sure what -- how you -- how that company
3 interprets that at the -- you know, for the people
4 and culture group, for the IT exactly, et cetera.

5 S. VETSIS: Could we go to Exhibit 1, Tab 2,
6 Schedule 1, page 25.

7 So this is a bit of a kind of illustrative
8 diagram of the process and the iteration. On the
9 left side where we talk about plan development, we
10 talk about -- we show some of the factors that lines
11 of business consider in terms of determination. You
12 are right, capital is -- at the end of the day, we
13 are an asset business; that is a big factor for us.

14 So obviously, asset condition is a really big
15 determinant of what needs are in the system. You
16 know, the forecast, the level of growth which drives
17 those investments, those would drive need for the
18 system.

19 And then, of course, we have other support
20 functions, right. If the work program grows, there
21 are certain workforce requirements to deliver that.
22 That requires certain levels of training. And so
23 when we talk about needs-based, it is what the line
24 of business will need to deliver its -- you know,
25 compliance is another example of something, we will
26 think about changing compliance requirements, meeting
27 our compliance obligations.

28 So all those factors lines of business think

1 about with their expertise to determine what their
2 needs will be over the term.

3 M. RUBENSTEIN: I would like you to actually
4 provide the information as requested in the response
5 which you initially declined to provide. I had asked
6 you to provide the specific budget guidance document
7 that was provided to the departments for purpose of
8 developing the budget, and based on what you are --
9 what I understand from you from what you just said,
10 Mr. Vetsis, it would be the information that was
11 provided with respect to developing the needs-based
12 budget. Is that something you can do?

13 S. VETSI: There is no formal memo document.
14 These are lines of business leveraging the
15 information that they work with day to day.

16 M. RUBENSTEIN: Okay. So there is no actual
17 document --

18 S. VETSI: There is no formal --

19 M. RUBENSTEIN: Okay.

20 S. VETSI: There is no formal memo.

21 M. RUBENSTEIN: All right. Thank you.

22 Can we go to 1-SEC-4. In the response to this
23 interrogatory, you say:

24 "The interrogatory response addresses both 1-
25 SEC-4 and 1-SEC-6. Elexicon has interpreted
26 these interrogatories as requesting third party
27 benchmarking analyses, studies, reports,
28 reviews, assessments, and similar documents

1 undertaken since 2020 that are --" (as read)

2 Now, I focus on this:

3 "-- relevant to the foundational planning and
4 contextual elements of this application." (as
5 read)

6 And I am just not sure exactly if this is
7 capturing something different than what was asked in
8 the interrogatory.

9 So in 1-SEC-4, we asked you to:

10 "Provide copies of third party benchmarking
11 analyses, studies, reports, similar documents
12 undertaken for, by, or that include Elexicon,
13 since 2020, that are not already included in
14 the application, regarding any aspect that
15 directly or indirectly relate to material
16 aspects of Elexicon's budget or an aspect of
17 its business." (as read)

18 And in 1-SEC-6, we sought:

19 "Please provide a copy of all third party
20 reviews or assessments of any material aspect
21 of Elexicon's business or processes since
22 2020." (as read)

23 I am just trying to make sure if there is some -
24 - is there some other -- is there a gap between how
25 you have interpreted it and what we have asked? It
26 is not clear to me based on your response and then,
27 to be honest, the documents as you have listed.

28 S. VETSI: I don't believe that there is.

1 Like, I think we are being responsive to your
2 question, and these are the list of documents that
3 are related to the planning that underpins this
4 application. These are the things that are relevant
5 that informed what is here in front of the Board.

6 And when I read your question, that is what I
7 see, it relates to a material aspect of Elexicon's
8 budget or aspect of its business.

9 M. RUBENSTEIN: Okay. So there is no
10 difference?

11 S. VETSIK: I don't believe so.

12 M. RUBENSTEIN: Okay. Can I ask you to provide
13 the following documents: The asset condition
14 assessment 2024, the Elexicon rate report, the
15 Elexicon Energy collections process review 2020, the
16 IBM Dx NEXT discovery read out, the memo on Dx NEXT
17 accounting treatment, and the governance review of
18 2022.

19 Can you undertake to provide that -- those
20 documents?

21 S. VETSIK: We can do so.

22 M. RUBENSTEIN: Thank you.

23 T. HOBBS: That will be Undertaking JT-3.14.

24 **UNDERTAKING JT-3.14: PROVIDE THE ASSET CONDITION**
25 **ASSESSMENT 2024, THE ELEXICON RATE REPORT, THE**
26 **ELEXICON ENERGY COLLECTIONS PROCESS REVIEW 2020,**
27 **THE IBM DX NEXT DISCOVERY READ OUT, THE MEMO ON**
28 **DX NEXT ACCOUNTING TREATMENT, AND THE GOVERNANCE**

1 **REVIEW OF 2022**

2 M. RUBENSTEIN: Can we go to 1-SEC-5. And in
3 this response, you had provided some information on
4 certain audits. Can I ask you to provide the
5 following two audit reports: The asset management
6 current state assessment and recommendations and the
7 SMTS project management process and controls?

8 S. VETSIS: Sorry, my binder made a noise
9 through the second one. What was the second one?

10 M. RUBENSTEIN: The SMTS project management
11 process and controls.

12 S. VETSIS: We can provide those documents.

13 M. RUBENSTEIN: Thank you very much.

14 T. HOBBS: That is Undertaking JT-3.15.

15 **UNDERTAKING JT-3.15: PROVIDE THE ASSET**
16 **MANAGEMENT CURRENT STATE ASSESSMENT AND**
17 **RECOMMENDATIONS AND THE SMTS PROJECT MANAGEMENT**
18 **PROCESS AND CONTROLS**

19 M. RUBENSTEIN: Can we go to 4-CCC-60. And in
20 Part B, you were asked -- should we just go to the
21 question first. Scroll up, please.

22 You were asked to:

23 "Please list and explain any methodological
24 differences between the current Elexicon
25 compensation benchmarking study and Alectra
26 compensation benchmarking study (filed in EB-
27 2025-0252)." (as read)

28 And sort of provide some potential differences.

1 And then it says:

2 "To the extent that there are methodological
3 differences in Mercer's approach in the current
4 study relevant to the Alectra study, please
5 explain why." (as read)

6 And if we can please go to the response. And in
7 the response, Mercer is saying here:

8 "Any study Mercer conducts for a utility
9 company is designed in contemplation of unique
10 contextual factors and the talent strategy for
11 that company. As such, the methodology used in
12 the Mercer study for Elexicon is reflective of
13 Elexicon's particular circumstances. The
14 methodology used in the studies for other
15 utilities is reflective of the particular
16 circumstances of those utilities." (as read)

17 That doesn't actually answer the question. Can
18 you ask Mercer to please provide -- to respond to the
19 question as posed with respect to the methodological
20 differences?

21 D. COBAN: I think what you see there on the
22 screen, Mr. Rubenstein, is Mercer's position with
23 respect to the appropriateness of conducting such a
24 comparison.

25 M. RUBENSTEIN: Well, it may be that they view
26 that they -- that the comparison may -- there are
27 reasons for the differences, as Mercer says, but that
28 doesn't explain what those differences are. We would

1 like to understand that. We had asked you to ask
2 Mercer to do that.

3 D. COBAN: Mercer has considered that.
4 Obviously in looking at your question and what you
5 see here on the screen is their position on the
6 proprietary of doing that comparison. And so I think
7 you have the response here on the screen.

8 M. RUBENSTEIN: Well, I notice -- I note in this
9 case Elexicon asked PEG specific questions about the
10 difference in the methodology between its reports
11 that it filed in Alectra. So I think it is
12 appropriate for Elexicon to tell Mercer to please
13 provide the information as requested in the response.

14 They are free, and I would be happy to
15 understand, because we will have some questions about
16 that, of why they think the differences -- there
17 should be differences or shouldn't be differences and
18 why.

19 But I do think it is important so we can
20 understand the methodological differences between
21 reports filed by -- in the same year by the same
22 compensation study for two GTA utilities. So we
23 would like that. We would like you to ask them to
24 respond to the question as posed.

25 D. COBAN: I don't think it is appropriate to
26 draw an analogy to PEG. That is a very different
27 report, and it is based, obviously, on a methodology
28 that the Board has experience with.

1 We can take this away to talk to Mercer again
2 and see if we can give you a more comprehensive
3 understanding of the differences, but without,
4 obviously, undertaking that comparison because we
5 have concerns as noted here on the screens.

6 M. RUBENSTEIN: Well, you are free to provide
7 that undertaking, but I would also like you to
8 respond to the question as posed. That, to me, is
9 just as important.

10 D. COBAN: We can undertake to consider what
11 further response can be provided to the question.
12 And if one can, we will provide it. If not, we will
13 articulate a basis for the refusal.

14 M. RUBENSTEIN: Okay.

15 T. HOBBS: That will be Undertaking JT-3.16.

16 **UNDERTAKING JT-3.16: MAKE A REQUEST OF MERCER TO**
17 **PROVIDE A RESPONSE TO THE QUESTION AS POSED IN**
18 **4-CCC-60, PART B, WITH RESPECT TO THE**
19 **METHODOLOGICAL DIFFERENCES, AND AS POSED IN 4-**
20 **CCC-60, PART C; AND MAKE INQUIRIES OF THEM AS TO**
21 **WHAT THE SPECIFIC UNIQUE CONTEXTUAL FACTORS AND**
22 **TALENT STRATEGY FOR ELEXICON ARE AND WHAT**
23 **ELEXICON'S PARTICULAR CIRCUMSTANCES ARE THAT**
24 **WOULD REQUIRE A DIFFERENT BENCHMARKING**
25 **METHODOLOGY THAN MERCER HAS DONE FOR OTHER**
26 **ONTARIO LDCS SUCH AS ALECTRA**

27 M. RUBENSTEIN: Now, in response, Mercer says:

28 "Any study Mercer conducts for a utility

1 company is designed in contemplation of unique
2 contextual factors and the talent strategy for
3 the company." (as read)

4 Do you see that?

5 B. WALKER: Correct.

6 M. RUBENSTEIN: Can you ask Mercer, either in
7 the context of that last undertaking or as a separate
8 undertaking, to provide what are the specific unique
9 contextual factors and talent strategy for Elexicon?

10 D. COBAN: We can roll that into the previous
11 undertaking.

12 M. RUBENSTEIN: Thank you.

13 If we can go to Part C. The response says --
14 this is from Mercer:

15 "As noted in the response to Part B above, the
16 methodology used for Elexicon's study is
17 reflective of Elexicon's particular
18 circumstances." (as read)

19 And maybe this is in the context of a similar
20 undertaking. It is a similar question to what I just
21 asked. But what are -- can you ask Mercer, what are
22 Elexicon's particular circumstances that would
23 require a different benchmarking methodology than
24 Mercer has done for other Ontario LDCs such as
25 Alectra?

26 D. COBAN: Again, we can address that as part of
27 the undertaking.

28 M. RUBENSTEIN: Now, the question was asking --

1 the initial question I was asking was that to the
2 extent that there are differences in establishing the
3 market median in the current Elexicon study relative
4 to the Alectra study, to provide revised results in
5 the same format as on table -- on page -- on the
6 table on page 4 that applies the approach used in the
7 Alectra study to Elexicon's data.

8 And in response -- and -- and obviously, as I
9 read most of Part C, they didn't -- that information
10 was not provided for the reasons Mercer said.

11 We would like you to ask Mercer to do -- to
12 respond to the question as posed and provide the
13 information on the basis -- on that basis.

14 D. COBAN: Again, I think we can deal with this
15 all as part of the same undertaking that we gave you
16 to bring to Mercer the requests that you put forward
17 in this IR and either consider what else can be
18 provided or provide further reasons for the refusal
19 in addition to addressing the particular
20 circumstances and unique factors that we just
21 discussed.

22 M. RUBENSTEIN: Okay.

23 In Part D, you were asked to -- or you were
24 asked to provide a revised version -- you or through
25 you -- Mercer to provide a revised version that
26 includes benchmarking on a total remuneration basis,
27 both using the approach in the current study and that
28 requested in Part C, so the methodology used in

1 Alectra.

2 And in response, Mercer declined to do that, and
3 they say it is outside the scope of the engagement.

4 Do you see that?

5 B. WALKER: And just to verify, you are in
6 response Part D; correct?

7 M. RUBENSTEIN: Yes. Sorry if I said the wrong
8 number there.

9 B. WALKER: And that was with respect to the
10 pension and benefits component?

11 M. RUBENSTEIN: Yes.

12 B. WALKER: Yes. That -- it was not part of the
13 scope.

14 M. RUBENSTEIN: Well, I am going to ask Elexicon
15 to ask Mercer -- well, I am going to ask Elexicon to
16 enlarge the scope of the Mercer engagement if they
17 view it wasn't in their scope and to respond to the
18 question as set out in Part D.

19 D. COBAN: That, what you are asking for,
20 amounts to an entirely brand-new study. That is not
21 something that can be done within the timelines of
22 this discovery process.

23 M. RUBENSTEIN: So that is a refusal?

24 D. COBAN: It is an unable to answer because it
25 cannot be reasonably done within the timelines.

26 M. RUBENSTEIN: Can I ask what the purpose of
27 the Mercer study that you filed in this application
28 was?

1 B. WALKER: So the purpose of the Mercer study
2 was to confirm that our compensation systems needed
3 to be more aligned with market as -- as we had not
4 updated anything with respect to the non-union
5 structure for quite some time.

6 So the last even band adjustment was back in
7 2021. And entering a period of growth, the
8 requirement to attract new talent, as you can see, we
9 have a really lean plan going forward to meet our
10 needs, also to retain critical staff going forward
11 and really compete for -- within the market of talent
12 that we want.

13 It was important to validate our assumptions, if
14 you will, in terms of whether or not our compensation
15 structure remained competitive, and that study did
16 confirm that our base pay and total direct
17 compensation was lagging behind the competition.

18 M. RUBENSTEIN: And am I correct that with
19 respect to compensation, you offer total direct
20 compensation -- I think that is the language in the
21 study -- which is base pay incentives; correct?

22 B. WALKER: That is correct.

23 M. RUBENSTEIN: As well as you offer pension and
24 benefits -- correct -- as part of the compensation
25 package an employee would get?

26 B. WALKER: That is correct. We have pension
27 and benefits.

28 M. RUBENSTEIN: And does the company not believe

1 that for a prospective employee who's thinking of
2 joining the company, they would -- they -- that they
3 would be interested in understanding the entire
4 package; right? All those things are important;
5 correct?

6 B. WALKER: Prospective employees would be
7 looking at that, correct.

8 M. RUBENSTEIN: Okay.

9 So why didn't you benchmark to understand not
10 just the total direct compensation, but the entire
11 compensation package, which would include pensions
12 and benefits and how those compare?

13 B. WALKER: From a pension perspective, the
14 OMERS pension plan is relatively similar to most LDCs
15 in the province, and it really is table stakes when
16 you are looking at attracting talent.

17 With respect to benefits, we do more frequent
18 reviews with respect to benefits to make sure that we
19 are internally relevant with our union staff as well,
20 and bargaining, obviously, has a cadence of review,
21 and we have to make sure that those baseline benefits
22 and pension are consistent from an internal
23 relativity perspective.

24 And we do have peer networks and information
25 pertaining to benefits plans across the LDC network,
26 and really, these compensation elements reviewed by
27 Mercer was specific to the base pay and the
28 incentives for employees.

1 M. RUBENSTEIN: You would agree with me that, as
2 I understand the study itself and, I believe, also in
3 the evidence, you are also attracting from outside of
4 the LDC community; correct? Some employees in
5 certain positions; am I right?

6 B. WALKER: We do source talent from both the
7 general industry with industry-specific knowledge.
8 That would be correct.

9 M. RUBENSTEIN: And those general industry,
10 unlikely to be part of the OMERS pension plan? They
11 are going to have their own pension plan, may not
12 have a pension plan, may have benefits, they may be
13 different.

14 So can you explain to me why -- why you say it
15 is -- you know, it is maybe similar with respect to
16 other LDCs, but clearly it is not going to be similar
17 to the general industry. So why wouldn't you
18 benchmark that?

19 B. WALKER: So within our hiring plans and the -
20 - where we attract talent from, there is a heavy
21 reliance on the industry specific within the energy
22 sector, and that is why there is a focus with respect
23 to OMERS and the benefits being the way they are and
24 then making sure that our compensation structure is
25 competitive, and that is why we isolated that.

26 M. RUBENSTEIN: Now, in response to Part D --
27 this is the Elexicon response to Part D, so maybe you
28 can scroll down. You talk about -- you mention:

1 "Elexicon benefits for unionized staff are
2 determined through collective bargaining, and
3 its nonrepresentative staff are typically in
4 line with what is provided to its
5 representative employees and are typically
6 assessed and informed by market analysis
7 provided by a consultant that supports Elexicon
8 and other MEARIE-affiliated utilities." (as
9 read)

10 Do you see that?

11 B. WALKER: I do.

12 M. RUBENSTEIN: Can you please provide a copy of
13 the most recent market analysis provided by the
14 consultant that supports Elexicon and the other
15 MEARIE-affiliated utilities that you reference?

16 B. WALKER: Yes, we can take a look at providing
17 that information.

18 M. RUBENSTEIN: Thank you very much.

19 T. HOBBS: That will be Undertaking JT-3.17.

20 **UNDERTAKING JT-3.17: PROVIDE A COPY OF THE MOST**
21 **RECENT MARKET ANALYSIS PROVIDED BY THE**
22 **CONSULTANT THAT SUPPORTS ELEXICON AND THE OTHER**
23 **MEARIE-AFFILIATED UTILITIES REFERENCED IN**
24 **RESPONSE TO PART D**

25 M. RUBENSTEIN: Can we go to 4-SEC-83. And in
26 Part A, we asked you, was the choice of the blended
27 comparator group for non-sector-specific jobs
28 proposed by Mercer or Elexicon?

1 And in response, Mercer says:

2 "In line with market best practice, Mercer and
3 Elexicon jointly determined the use of the
4 blended comparator group for non-sector-
5 specific jobs was appropriate for Elexicon's
6 circumstances. Specifically, this approach is
7 reflective of Elexicon's talent strategy and
8 approach for sourcing non-sector-specific
9 talents." (as read)

10 Do you see that?

11 B. WALKER: I do.

12 M. RUBENSTEIN: Can you ask Mercer to, A,
13 identify all aspects of its methodology that were
14 jointly determined with Elexicon; B, can Mercer
15 identify any aspect of its methodology that was
16 directed by Elexicon; and then, C, for each of the
17 elements jointly determined or directed by Elexicon,
18 to provide a copy of the written direction and
19 Elexicon's -- or -- and/or Elexicon's rationale to
20 Mercer regarding the specific aspects of those
21 methodologies?

22 D. COBAN: Just give us a moment. So, Mr.
23 Rubenstein, I think you asked for similar information
24 in SEC-82, and a response was provided there, if we
25 can pull that up, which speaks to the nature of the
26 privileged conversations that would have taken place
27 and instructions provided in the development of the
28 study.

1 M. RUBENSTEIN: Well, Mercer is being, as I
2 understand, a third party independent expert. I
3 believe that is in the evidence. And I am asking
4 with respect to components of their independent third
5 party report that were developed or directed by the
6 company in terms of the methodology.

7 I think that is entirely appropriate information
8 that should be put on the record as well as what the
9 direction, what the rationale that Elexicon provided.
10 That is information that the third party would have
11 had in developing their report.

12 D. COBAN: We can undertake to confirm that
13 there were no directions in the way that you are
14 characterizing them. We don't agree with that
15 characterization.

16 To the extent that anything does amount to a
17 direction, we will be clear about that in the
18 undertaking response. But in principle, I don't
19 agree with your characterization of things being
20 "directed."

21 M. RUBENSTEIN: Well, I -- just to be clear, I
22 had two categories, and I am not -- I don't know.
23 That is why I am asking the question. A was identify
24 all aspects of the methodology that were jointly
25 determined with Elexicon.

26 Then the second part was identify any aspects of
27 its methodology that were directed. Those are two
28 separate questions that I am asking here because I

1 don't know the answer; number two, maybe that there
2 are nothing that was directed. I am -- it is not
3 clear to me.

4 And then the third part, for each of those that
5 were either jointly determined or directed, to
6 provide a copy of the written directions or -- or the
7 rationale that Elexicon provided to Mercer, if it is
8 a jointly developed part, with respect to that
9 specific aspect of the methodology.

10 It is entirely appropriate information that
11 should be provided because it is obviously
12 information that -- that your expert relied upon in
13 determining methodology in its study.

14 D. COBAN: We can take that away and see what
15 else we can provide you that would be of assistance,
16 noting some of the concerns that I flagged with
17 respect to your characterization, and as well, noting
18 that the discussions that did take place were
19 conducted under privilege.

20 And so with respect to providing any copies of
21 written instructions or anything of that nature,
22 obviously we are venturing into privileged territory.

23 M. RUBENSTEIN: I am not sure I agree with that,
24 but you will provide your position if you --

25 D. COBAN: That is fine.

26 M. RUBENSTEIN: -- as you see fit.

27 T. HOBBS: Okay. So that will be Undertaking
28 JT-3.18.

1 UNDERTAKING JT-3.18: IDENTIFY ALL ASPECTS OF THE
2 MERCER METHODOLOGY THAT WERE JOINTLY DETERMINED
3 WITH ELEXICON, IDENTIFY ANY ASPECTS OF ITS
4 METHODOLOGY THAT WERE DIRECTED, AND PROVIDE A
5 COPY OF THE WRITTEN DIRECTIONS OR RATIONALE THAT
6 ELEXICON PROVIDED TO MERCER WITH RESPECT TO THAT
7 SPECIFIC ASPECT OF THE METHODOLOGY

8 M. RUBENSTEIN: Can you also ask Mercer to
9 confirm that the general industry comparator category
10 also includes energy and utility companies?

11 Can you undertake to do that?

12 B. WALKER: If I can refer you to the Mercer
13 report provided, there is an Appendix A, I believe on
14 page 6, that outlines within the energy and utility
15 companies, a sample of organizations.

16 M. RUBENSTEIN: No, my understanding -- my
17 question was with respect to the general industry
18 comparator categories. This is the second table. My
19 understanding, that is actually just a sample of the
20 companies in their database that they were providing.

21 But I would like you to ask Mercer to confirm
22 that that general industry comparator companies also
23 includes energy and utility companies within it.

24 B. WALKER: I believe there is an exclusion
25 there, subject to check, that it does not include oil
26 and gas. And I would have to double check that for
27 you.

28 S. VETISIS: Sorry. On the list, Mr. Rubenstein,

1 is an example of Canadian Nuclear Laboratories which
2 is an example of an energy-related company.

3 M. RUBENSTEIN: Can you just ask Mercer to
4 confirm? I don't -- it is their report. I don't
5 want to...

6 S. VETSIS: We can ask them to confirm that.

7 M. RUBENSTEIN: Thank you.

8 And I just -- before I end on this topic, I just
9 want to go back to something, Mr. Walker, you said
10 when I asked you what was the purpose of this study
11 and just make sure I understand. Because I
12 understand you -- then you -- in some of the
13 discussion you have had earlier today that the study
14 was then used to make some adjustments to some -- to
15 pay that you are going to be -- for employees or
16 certain -- I don't mean necessarily employees but
17 certain positions. Do I have that right?

18 B. WALKER: The changes would be the overall
19 structure to the bands themselves because they hadn't
20 been updated for quite some time.

21 M. RUBENSTEIN: And so is the purpose of the
22 study for the purposes of the company internally
23 determining its pay structure and its own determining
24 if the current -- I think you mentioned before, you
25 know, confirming your views about where you work
26 towards the market? Or was it the purpose for filing
27 the report for the purposes of showing the Board that
28 your compensation costs are reasonable? It is just a

1 bit unclear to me which one it was.

2 B. WALKER: We wanted to have an independent
3 review conducted of the structure to make sure the
4 reasonableness and the competitiveness, but based on
5 our expert opinion, if you will, where our
6 compensation was at and not being reviewed in some
7 time, it confirmed those views, that the compensation
8 structure was getting out of competition, if you
9 will.

10 M. RUBENSTEIN: Yeah, sorry. My question, was
11 it for the purposes of the application to defend the
12 application? Was it the purposes of determining, you
13 know, what the compensation structure should be for
14 the company and any changes that may be required?

15 S. VETSIK: It is an external assessment of our
16 compensation -- of our compensation structure and its
17 competitiveness to sector comparators.

18 M. RUBENSTEIN: For the purposes of the
19 application, or for the purposes of the company's
20 determining if it needs to make any changes to its
21 pay structure and so on?

22 S. VETSIK: The report is helpful for both
23 purposes. It helps support -- it provides an
24 external benchmark here to assist the Board as our
25 regulator in terms of the level of compensation costs
26 that we have.

27 It is also a tool that helps us with our own
28 board when we go to set the compensation structure.

1 So it is a helpful -- it is an external benchmark
2 that we leverage.

3 M. RUBENSTEIN: I understand. But when you were
4 retaining Mercer to do the work, was it for the
5 purposes of the application or the purposes of
6 determining the own internal structure?

7 D. COBAN: Mr. Rubenstein, I think the question
8 has been answered at least three times.

9 M. RUBENSTEIN: Well, I am not sure -- with all
10 due respect, I am not actually -- I am not sure I
11 actually am getting the answer to the question. That
12 is why I am asking it.

13 D. COBAN: I am unclear as to what you are
14 unclear of for the answer. I thought Mr. Vetsis was
15 concrete in explaining that it serves both of the
16 purposes. You are looking to isolate a purpose, and
17 he confirmed that that is not the case; it serves
18 both purposes. So I am not sure why that is not
19 clear.

20 M. RUBENSTEIN: Well, let me just reframe it
21 this way, then. If there was no application, would
22 you have still done the study?

23 S. VETISIS: As part of good governance, we rely
24 where we can on external benchmarking to support
25 changes to key elements such as this. A compensation
26 framework would be one of those items where before we
27 make significant structural changes, we would want to
28 make sure we knew what the benchmark was.

1 M. RUBENSTEIN: So yes?

2 S. VETSIS: Yes.

3 M. RUBENSTEIN: Thanks. No more.

4 T. HOBBS: Just to intervene here, there was
5 an undertaking there relating to asking Mercer to
6 confirm the general industry comparator companies
7 also includes energy and utility companies that will
8 be marked as JT-3.20.

9 **UNDERTAKING JT-3.19: MAKE A REQUEST OF MERCER TO**
10 **CONFIRM THE GENERAL INDUSTRY COMPARATOR**
11 **COMPANIES ALSO INCLUDES ENERGY AND UTILITY**
12 **COMPANIES**

13 T. HOBBS: I also note that we are running
14 quite behind on time.

15 M. RUBENSTEIN: I will make it up on Panel 3.

16 I have a couple questions with respect to the
17 Clearspring study, so this is for questions to ask
18 Clearspring. As I understand the Clearspring report
19 and its benchmarking --

20 T. HOBBS: Sorry, apologies, that would be JT-
21 3.19.

22 M. RUBENSTEIN: I believe, and I would like you
23 to confirm this, that the Clearspring study does not
24 include Dx NEXT costs as well as the additional
25 control centre costs outlined in Exhibit 10; is that
26 correct?

27 S. VETSIS: Could we please go to 1-Staff-4,
28 Part A, on page 2. If we scroll down, Mr.

1 Rubenstein, starting at line 4, this interrogatory
2 mentions that, you are correct, in the original
3 report, the SCC was not in there. It was before the
4 evidence update.

5 And so in this response, Clearspring articulates
6 that they were informed of the additional OM&A
7 expenses. They reran the model based on that. And
8 as we see on the final response, that after making
9 the changes and rerunning the model, it worsens the
10 company's score by less than 1 percent. So it
11 doesn't have a material impact on the outcome of the
12 analysis that Mr. Fenrick conducted.

13 M. RUBENSTEIN: So that is with respect to the
14 control centre cost but --

15 S. VETISIS: That is correct.

16 M. RUBENSTEIN: -- Dx NEXT, it is not --

17 S. VETISIS: For Dx NEXT --

18 M. RUBENSTEIN: Yeah.

19 S. VETISIS: -- the ongoing subscription costs,
20 et cetera, that are built into OM&A would be in the
21 cost forecast that Mr. Fenrick relied upon. I cannot
22 recall how the implementation costs themselves would
23 have been treated.

24 M. RUBENSTEIN: Yeah. It is not clear to me
25 either. So can I ask you to ask Mr. Fenrick to
26 confirm that the Dx NEXT implementation costs are not
27 included in its study?

28 And if that is confirmed, to please provide a

1 revised analysis on the benchmarking results similar
2 to the tables he had provided in his evidence that
3 shows the benchmark costs and then the Elexicon
4 costs? That would include the Dx NEXT costs and the
5 control centre costs, so both of those changes.

6 And with -- and there would be two ways, two
7 different versions. One is Dx NEXT cost
8 implementation costs as proposed to be recovered, so
9 the incremental \$4.7 million a year, and then the
10 other would be a second version that shows the Dx
11 NEXT cost in the way that the company is actually
12 incurring the cost, so the '25 to 2027. Is that
13 something you can do?

14 S. VETSI: We can undertake.

15 T. HOBBS: That will be Undertaking JT-3.20.

16 **UNDERTAKING JT-3.20: MAKE INQUIRIES OF MR.**

17 **FENRICK TO CONFIRM THAT THE DX NEXT**

18 **IMPLEMENTATION COSTS ARE NOT INCLUDED IN THE**

19 **STUDY, AND IF THAT IS CONFIRMED, PROVIDE A**

20 **REVISED ANALYSIS ON THE BENCHMARKING RESULTS**

21 **SIMILAR TO THE TABLES PROVIDED IN HIS EVIDENCE**

22 **THAT SHOWS THE BENCHMARK COSTS AND THE ELEXICON**

23 **COSTS, INCLUDING THE DX NEXT IMPLEMENTATION**

24 **COSTS AS PROPOSED TO BE RECOVERED AND THE DX**

25 **NEXT COST IN THE WAY THAT THE COMPANY IS**

26 **ACTUALLY INCURRING THE COST AND THE CONTROL**

27 **CENTRE COSTS**

28 M. RUBENSTEIN: Can we go to 1-SEC-11.

1 S. VETSIS: Mr. Rubenstein, not to be difficult,
2 but all of the stuff is rate framework related.

3 M. RUBENSTEIN: Okay. This --

4 S. VETSIS: I am here all day tomorrow, but, you
5 know, the rest of the panel doesn't need to be. So
6 if you want to hold some of these, I am happy to take
7 them tomorrow.

8 M. RUBENSTEIN: Okay. And finally, am I aware -
9 - I didn't see anywhere in the evidence, and I am not
10 sure it was -- it may have not been asked for the
11 reason -- is there anywhere in the evidence that the
12 company has provided for its OM&A costs its annual
13 internal budgeted amount for 2020 through 2026? And
14 if not, can I ask that you provide it? I didn't see
15 it. But if not, can you do that by way of
16 undertaking?

17 S. VETSIS: Mr. Rubenstein, I can't recall if it
18 is on the record, so we will take an undertaking to
19 confirm whether or not it is and provide if it is
20 not. And that would be for the years 2020 through to
21 2025?

22 M. RUBENSTEIN: 2026, if 2026 is different than
23 what is the budgeted amount in the application.

24 S. VETSIS: Okay. We will undertake that.

25 T. HOBBS: That is Undertaking JT-3.21.

26 **UNDERTAKING JT-3.21: PROVIDE THE COMPANY'S**
27 **ANNUAL INTERNAL OM&A BUDGETED COST AMOUNT FOR**
28 **2020 THROUGH 2026**

1 M. RUBENSTEIN: Thank you. Those are my
2 questions.

3 T. HOBBS: Thank you, Mr. Rubenstein.

4 Up next, we have VECC. I am proposing that VECC
5 use 45 minutes of their time, and then we take a
6 lunch break around 1:15.

7 **CROSS-EXAMINATION BY M. GARNER (VECC)**

8 M. GARNER: It might work better this way. I am
9 joined by Mr. Harper. I think I might have about 30
10 minutes, and then we might take the lunch break and
11 have him come back because I have had a rather large
12 cup of coffee.

13 If I can, the first place I would like to go is
14 -- let me just bring this up. It is -- the question
15 is 4-VECC-40, please.

16 In 4-VECC-40, if you look at it, what we asked
17 you to do was update OM&A programs for '25. And I
18 don't want to go through all of these variances,
19 there is ups and downs all over the place, but do I
20 want to ask you about three in -- I think it's three
21 in particular just because I want a feel for what
22 might have gone on.

23 And the first one would be under restorations
24 and storms. And I think under the restorations and
25 storms, it was originally put in at 2.8 and the
26 actual for '25 is 3.74. So I was just wondering if
27 you could give me an idea, was there a big storm, et
28 cetera, that made that big jump.

1 S. VETISIS: So I can -- it would have been a
2 better question for Panel 1.

3 M. GARNER: Okay.

4 S. VETISIS: But we did have a very substantial
5 storm in Gravenhurst earlier in 2025, like, which
6 took out, I think, 97 percent of something of the
7 customer base for quite a few days.

8 M. GARNER: Okay. That is -- thank you. I
9 don't need any more than that. That is fine, what I
10 am looking at.

11 The finance area went from 4.11 to 4.91. Do you
12 have any idea why that -- that increase happened in
13 finance? It has something to do with issuing debt or
14 anything in particular in '25 that you can recall?

15 And just to help you, I am not looking for
16 anything in detail. Is there something unusual that
17 you can look at and say, oh, yeah, this is -- we had
18 this happen this year?

19 Z. ISLAM: We negotiated a new facility
20 arrangement in 2025 in regards to our bank
21 facilities. The increased cost were as -- were
22 related to that negotiations.

23 M. GARNER: Okay. Thank you.

24 And now all of our favourites, regulatory
25 affairs, and it went, I think, from 2.7 to 3.3. And
26 specifically what I was interested here, is that
27 driven by the application process in any way?

28 S. VETISIS: No. The application cost should be

1 separate, Appendix 2-M.

2 M. GARNER: Okay. So what I am trying -- maybe
3 I will ask it again but -- just so you understand
4 what I am trying to get to.

5 So the regulatory affairs cost in '25 actuals
6 came in at 3.3, and originally they were estimated to
7 come in at 2.7, give or take, you know, some money
8 there. So almost half a million difference. That is
9 where I am trying to say, like, how come? Is there
10 something that stuck out about -- that happened in
11 '25.

12 S. VETISIS: It was some invoices for consulting
13 support for our corporate strategy mixed in with
14 higher than anticipated legal costs due to some
15 ongoing matters.

16 M. GARNER: Okay. Thank you.

17 The next place I would like to go is actually
18 not in an interrogatory that we asked. It actually
19 has to do with something we started on Monday. And I
20 think, Ms. Romano, this might be for you. You are
21 responsible for the call centre at Elexicon? Is that
22 part of your duties?

23 K. ROMANO: Yes, that is correct.

24 M. GARNER: I had a conversation with the first
25 panel, and it was all about what is a service
26 district and what is a service area. And what I was
27 trying to do with that -- understand with that panel
28 was the service quality to the different components,

1 Elexicon being a rather unusual company with its very
2 diverse number of service areas, district areas,
3 whatever you want to call them.

4 So I was wondering -- and perhaps we should have
5 asked this, does the -- does the call centre -- first
6 of all, does the call centre produce reports that are
7 then, you know, briefed up to management and
8 executive that outline, you know, general customer
9 concerns? Do you get a report or do you produce a
10 report like that from your call centre on a periodic
11 basis?

12 K. ROMANO: So there is not a current formal
13 report that comes to myself or to the executive team.
14 There are informal conversations that happen with my
15 leadership team where they would raise or identify
16 any specific customer concern.

17 M. GARNER: Okay. And help me this way also.
18 For your call centre systems, does the call centre
19 categorize its calls by certain things like, you
20 know, billing dispute, meter problem, those types of
21 things? Do you have a system like that that the
22 attendant classifies the call into when it comes in?

23 K. ROMANO: We do have the ability within our
24 technology to identify different call drivers and
25 types. I would suggest it is not as granular as what
26 you have just outlined. To be specific, we would
27 categorize calls around billing, collections related,
28 payment inquiries, et cetera.

1 M. GARNER: Right.

2 K. ROMANO: But not more detailed or granular.

3 M. GARNER: But you do some sort of
4 categorization -- now, does the call centre also
5 identify in that call the either service district or
6 service area that the call is coming in from?

7 K. ROMANO: To clarify, that you are looking to
8 confirm whether or not we would be able to identify a
9 customer's inquiry from the Belleville area versus
10 Gravenhurst, for example?

11 M. GARNER: Well, more to the point, I think, is
12 I am interested in whether you, yourselves, collect
13 that sort of data, whether you make -- you tell me
14 you are not making a report right now, but whether
15 you, in fact, collect the data that would let one
16 identify such a thing, like we are getting lots of
17 calls from Sunderland, right, and what is up with
18 Sunderland, is the kind of thing I am trying to
19 understand.

20 Do you have that ability to have that sort of
21 thing, you know, that kind of what is up in
22 Sunderland, you know, these days because it has got
23 lots of calls coming in or something?

24 K. ROMANO: That is currently not a data point
25 that is part of our reporting out around our call
26 centre.

27 M. GARNER: So to just finalize this, so then
28 you don't particularly know, if you are looking at

1 activity, whether an activity is happening in
2 Gravenhurst or Ajax? You are not -- you are not --
3 you are not able to distinguish that type of call in
4 any sense? It is a call from a customer, is what it
5 ends up to be?

6 K. ROMANO: That is correct.

7 M. GARNER: Okay. Thank you.

8 Now, I would just like to move on, if I can find
9 the next reference, and it is actually something that
10 came up today, and I will just see if I can quickly
11 find it. Okay.

12 So I was interested, when you were talking, I
13 think, to Mr. Gluck this morning and you were talking
14 about common corporate costs, Exhibit 4, Tab 1,
15 Schedule 6 has a table. You can bring it up or not.
16 It is a table of common corporate costs.

17 And, Mr. Vetsis, you were -- you were explaining
18 a change that went on in the utility where the
19 executive, the CEO, for instance, had moved over to
20 the corporation from the energy company, right.

21 And, first of all, could you just clarify, when
22 does that -- when did that change happen? Like, was
23 it -- and I take it was it just one person, or was
24 there a number of people?

25 S. VETISIS: It occurred roughly in May-ish of
26 last year.

27 M. GARNER: Okay.

28 S. VETISIS: And it is just the one role that

1 sits at the holdco. It is just the president and CEO
2 role.

3 M. GARNER: Oh, I see. It is no other executive
4 role at all?

5 S. VETSIS: No.

6 M. GARNER: Okay. Thank you. That is very
7 helpful. I can move on quickly, then, from that.

8 The next thing I would like to talk to you about
9 is when we asked the question at 5-VECC-49, and in
10 essence, we got a refusal. It was about the
11 agreements with the -- with the capital -- sorry --
12 the change from debt to equity of -- of -- you went
13 in there for companies.

14 And I don't really want to focus on that because
15 I am not -- I think you actually answered the
16 question I had, and it was probably better put by
17 Staff, and Staff actually kind of got to the point I
18 was trying to get to. You seem to think -- I think
19 in your head, I was trying to get to something else.

20 But I think what Staff asked you at 5-Staff-133
21 was to confirm that there were no financial impacts
22 on the conversion to ratepayers. And then you -- and
23 in that IR, you say, no, there are no financial
24 impacts. And the purpose of my interrogatory was to
25 say, you know, what is in the agreement? Are there
26 any liabilities to the ratepayers? And that is what
27 was the purpose of seeing the agreement.

28 So just to confirm and put those two IRs

1 together, the agreements do not contain any
2 liabilities, future liabilities, or commitments to
3 the regulated company; they are just strictly, I take
4 it, an agreement that goes through the transaction of
5 moving equity to debt for the shareholders? That is
6 all that is in those type of agreements?

7 S. VETSIS: The -- Mr. -- Mr. Garner -- sorry.
8 I had a brain freeze there for a minute. Yeah, the
9 agreements, it is the mechanics to -- to the
10 transaction.

11 M. GARNER: Right. And so Staff's answer is
12 really complete. There are no financial or other
13 liabilities that are contained in any agreements as
14 part of that transaction to the regulated ratepayer
15 to have an implication for the ratepayers?

16 S. VETSIS: No. I think -- I think, as we said
17 there, the -- it helps us to manage our credit
18 metrics and create borrowing capacity --

19 M. GARNER: Right. It's a change in your --

20 S. VETSIS: -- to ultimately deliver service for
21 our customers.

22 M. GARNER: Right. I get the point about moving
23 to equity, but I was just wondering about that.
24 Okay. Thank you. That is helpful too.

25 Now, the next place, and it might even be the
26 last place I would like to go, and this, I think --
27 first of all, I would like you to help me with this,
28 is I am relying -- this has to do with the capital

1 structure and the cost of capital Excel tables or
2 models that you provided.

3 And the first question was I am relying on what
4 is called EE Exhibit 5-12, and it is dated
5 2025/12/19. And the reason I am relying on this is I
6 don't think this particular document has been
7 updated, and I am just wondering if you can confirm
8 that, just in case I am not looking at the right
9 thing.

10 And what this -- what this Excel spreadsheet has
11 in it, it has the 2-OA and the 2-OB tables in it that
12 are typically found in a -- by -- you know, when the
13 utility files an application.

14 And so these are older, and some of the
15 information, you can derive from some updates, were
16 done in other models. But I just want to confirm, is
17 this the only table of this -- this thing that has
18 been filed with the 2-OB and the 2-OA in the Excel
19 spreadsheets?

20 Or is it -- I am just trying to figure out, is
21 there something newer that I missed somehow? There
22 is a lot of stuff here I may have missed.

23 Z. ISLAM: We have not provided updated versions
24 of Appendix 2-OA and 2-OB.

25 M. GARNER: Okay.

26 Z. ISLAM: As you might have noted from our
27 response in 5-VECC-50, the interest rates in relation
28 to the debt issuance in 2027 were a placeholder.

1 Those rates have been updated as per our signed and
2 approved agreement with RBC.

3 M. GARNER: Well, thank you.

4 And that sort of brought me to one of the
5 questions I had about that, which was that, as I
6 understood in that response, you were changing the --
7 if you go to the -- if you go to the table that -- of
8 the spreadsheet that we were talking about that you
9 say hasn't been updated and you go to 2027 in that
10 table, under the debt instruments OB, I was -- I was
11 calculating myself, which -- or trying to make sure I
12 understood what you were -- what you were saying in
13 the response to that interrogatory.

14 And I guess what I -- and maybe you can confirm
15 this -- what I thought you were saying in that
16 interrogatory was line item 4, 33,389, has already
17 changed now from 5.176 to 5.446; right?

18 And to finish, at line -- the line that was at
19 492, which is the 220 million, that has now changed
20 from 4.92 to 5.19; have I got -- have I got that
21 right? Is that what is happening?

22 Z. ISLAM: That is correct. And just for the
23 record, I think I might have misspoken earlier when I
24 referred to 2027. I was actually referring to the --
25 the facilities we are taking out between 2025 and
26 2026. But you are correct, those --

27 M. GARNER: Right.

28 Z. ISLAM: -- rates have changed to -- to what

1 we are noting in our response in 5-VECC-50.

2 M. GARNER: Yeah, you had some updated
3 information.

4 So I guess what I would -- and just to finish
5 off, when I -- when I look at that table, the reason
6 -- you were then suggesting, well, we will update all
7 of this when we get the Board's new fall numbers for
8 the defaults and all that.

9 And that is because, as I took it, was the new
10 debenture that you have for '27. It is your proposal
11 to simply apply -- whatever the reality of that
12 number is, to simply apply the Board's long-term debt
13 default number, whatever you want to call it? That
14 is your proposal, isn't it?

15 Z. ISLAM: That is correct. For the rebasing
16 years, we are establishing the rates at the default
17 Board rate.

18 M. GARNER: Yeah, irrespective of whatever
19 actually gets dealt with. So let's just imagine we
20 are sitting here in October and you have negotiated
21 that debt. Irrespective of how you have negotiated
22 it, your proposal today is we are just going to use
23 the Board's number, higher or lower, it doesn't
24 matter. We are just going to use whatever the
25 Board's number is, we are not going to use any actual
26 number?

27 Z. ISLAM: For rate-setting purposes for any
28 debt issued in 2027, we are using the long-term rate

1 as established by the Board, yes.

2 M. GARNER. Okay.

3 Well, irrespective of that, I will ask you, if
4 you would, actually update both -- and I will get to
5 the next table -- both 2-OB and 2-OA, this -- these
6 two models, to at least put in what you already have
7 changed and are going to change as part of your
8 proposal, as I take it.

9 And before you say yes or no to that
10 undertaking, maybe I should show the other -- issue
11 on the other table in here that I wanted to just look
12 at because I was -- well, I also wanted it to be
13 updated.

14 I was a little confused, if you go to 2-OB, and
15 only because it seems to be, like, some sort of error
16 maybe in it or something. If you go to it, it has
17 got 2027 is the first table, and then the next table
18 is 2020, and the next table is 2028, and you see what
19 I mean? And I was a little bit confused as to what
20 exactly is going on here. It may be just, you know,
21 an error, or it is maybe just me, I am missing
22 something.

23 So I am now -- no, I am now with the other
24 table, 2-OA, the capital structure tables that are
25 also in the same model. At least mine shows after
26 2027, 2020, and then it shows 2028. So -- and, of
27 course, this table would change too if you just
28 update 2-OB; right? It is going to change naturally

1 because you are putting in -- newer information into
2 it.

3 So I would ask that you update both of these
4 tables or undertake to do that; is that possible?

5 Z. ISLAM: In regards to 2-OA, the
6 capitalization ratio will not change as Elexicon is
7 establishing those percentages based on the OEB-
8 deemed structure. And the values being shown are
9 reflective of our rate base.

10 M. GARNER: But the cost rates will change;
11 right? If you are changing OB and you are putting in
12 new numbers, the cost rate is going to change?

13 Z. ISLAM: The -- specifically, the long-term
14 debt --

15 M. GARNER: Yes.

16 Z. ISLAM: -- rate will change.

17 M. GARNER: Exactly. So what I am saying is
18 maybe when you update one, since they are both in the
19 same spreadsheet, would you update the other one too?
20 And then if there needs to be a 2020, you could
21 explain what that is. Or if it is just a -- you
22 know, an anomaly in the document, you can dispose of
23 it, so to speak.

24 S. VETISIS: I think -- Mr. Garner, I think the
25 2020 is just meeting an OEB filing requirement. You
26 -- I think you have to show the structure at the last
27 application versus now. In our case, because we
28 don't -- we haven't rebased in such a long time, 2020

1 is the year that we have utilized.

2 M. GARNER: Okay. I didn't know that, and it is
3 funny in the order of event, but that is a fine
4 explanation. But I would still ask you to update the
5 table for the updated number.

6 S. VETSIS: Sure.

7 M. GARNER: Is that acceptable?

8 T. HOBBS: Okay. That will be Undertaking JT-
9 3.22.

10 **UNDERTAKING JT-3.22: UPDATE APPENDICES 2-OB AND**
11 **2-OA TO REFLECT THE UPDATED INFORMATION AND**
12 **PROPOSED CHANGES REFERRED TO IN THE EVIDENCE**

13 M. GARNER: Now, the next thing I would like to
14 bring you to is, first of all, just looking at the --
15 when you compare 2-OA and 2-OB, I mean, the
16 noticeable -- the noticeable thing, and if I have got
17 this correct, is your -- your structure -- your
18 actual regulatory structure for debt is -- 'in 27 is
19 345 million -- or sorry -- yeah, 345 million. But
20 your actual debt that you are showing principal and
21 raising for is basically twice that, 554 million.

22 So in the sense of -- I am using the word "in
23 the sense of" -- compared to the regulatory
24 structure, you were significantly overleveraged on
25 that part of it. Your regulatory structure is quite
26 different than your actual structure here for debt;
27 that is correct, isn't it? It seems it is by looking
28 at it. Or maybe the 554 is a different number.

1 Z. ISLAM: If I can refer you to Exhibit 5, Tab
2 1, Schedule 1, page 2 of 2, starting from line 1, we
3 note that --

4 M. GARNER: Maybe -- maybe if we can just wait
5 until perhaps I can get to where you are because I am
6 relying on your screen right now. I am not -- I am
7 not reading it right now.

8 Z. ISLAM: So Exhibit 5, Tab 1, Schedule 1, page
9 2 of 2.

10 M. GARNER: Right. Thank you.

11 Z. ISLAM: So the two points that we see on the
12 page, Point 2 and Point 3, we note that we have taken
13 actions in regards to bringing our actual debt to
14 equity ratio more in line with the OEB guidance of
15 60/40. So the first step in regards to that was to
16 convert the shareholder promissory notes into equity.

17 Additionally, we have entered into an agreement
18 with our shareholders to suspend dividends and to
19 reinvest those funds into our -- into the
20 corporation's needs.

21 M. GARNER: Yeah, fair enough. But I am -- it
22 is factually correct that your regulatory structure
23 for your rate make purposes anticipates \$345 million
24 in debt, but your actual carrying, about \$554 million
25 in debt, and that is -- that is factually correct, is
26 it not?

27 S. VETISIS: That is factually correct.

28 M. GARNER: Okay.

1 S. VETSIS: It is a symptom of the length of
2 time since our deferred rebasing and the fact that we
3 have needed to invest at levels above rates, what are
4 funded within rates.

5 M. GARNER: Right. But -- and doesn't it also
6 affect the cost of your borrowing to have ore
7 borrowing? So if you actually had 345 million you
8 were borrowing, and you are going out for another
9 issuance, doesn't the amount of debt you are holding
10 impact the negotiation you have for the cost of your
11 debt?

12 Companies that have -- carrying more debt versus
13 companies that are paying less debt, all things --
14 other things being equal, would pay less of a
15 premium?

16 Z. ISLAM: If we can go to Exhibit 1, Tab 8,
17 Schedule 1, Attachment 5.

18 As you can note, this is our credit rating
19 report. Elexicon has currently an A low rating, and
20 the primary driver for that is the length of time
21 that has expired since we last rebased. Once we get
22 the decision and we have certainty in terms of our
23 base distribution rates, it is expected we are going
24 to have a restoration of rating, potential
25 restoration of rating, and our debt issuance as a
26 result would get benefit of any expected upgrades.

27 M. GARNER: If that is the case, why is the
28 trend negative on the credit rating?

1 Z. ISLAM: If you can -- if I can refer you to
2 the -- to page 2 of that report, the earnings
3 outlook, it is in relation to the conditions that
4 exist at that point in time, and it is noted in that
5 specific paragraph in relation to the earnings
6 outlook.

7 M. GARNER: So this report is made before you
8 filed the application to the Board? I can't see the
9 date on it, so I do not -- is this prior to the
10 filing date of Elexicon, October 29th, 2025?

11 Z. ISLAM: This report is dated October 29th,
12 2025.

13 M. GARNER: And you filed in November of that
14 year, I think, somewhere like that. I can't
15 remember.

16 S. VETISIS: December 19th is when we filed.

17 M. GARNER: December, right. Thank you.

18 S. VETISIS: But it underscores the criticality
19 of the approval of early rebasing for Elexicon to
20 ensure our forward-looking financial viability.

21 M. GARNER: Or the negative trend, I guess,
22 underscores the lack of a really good analysis from a
23 credit agency, maybe. But anyways we will leave that
24 for later.

25 S. VETISIS: I will disagree with that
26 characterization.

27 M. GARNER: What I meant was if they had
28 anticipated or known you were filing an application,

1 they may have given you a different rating -- or
2 trend. But I will leave that to --

3 S. VETISIS: The trend was in anticipation of the
4 rate application.

5 M. GARNER: The negative trend?

6 S. VETISIS: No, no. The rating itself, when you
7 look at the underlying metrics, we would anticipate a
8 lower rating for Elexicon. The rating agency,
9 knowing our plans to file rebasing, gave us a higher
10 rating with a negative trend pending the outcome of
11 this application which, again, is why I suggest the
12 criticality of this application, ensuring the cost
13 effective borrowing costs for Elexicon and ultimately
14 its customers.

15 M. GARNER: I am not sure I follow you, but
16 don't worry. I will read it. Because I want to be
17 quick and get to the last part. And just this is to
18 help me understand the numbers.

19 One of the things we asked for at 1-VECC-8 was
20 the '25 financials and, thank you, you provided
21 those. But in those financials, there is a -- you
22 know, the table with liabilities and shareholder
23 equity and it, I think, shows here the change in the
24 shareholder equity.

25 The long term debt it shows here is -- for '25
26 is 353,381. I am not sure that matches what you see
27 in the other tables we looked at for the amount of
28 debt you actually have in '25. Maybe it does.

1 But is there any difference between those? And
2 is there -- is there a -- I know there is a
3 reconciliation the Board asked between actual
4 financials and regulatory stuff, so it may be here
5 and I just couldn't find -- I didn't look at it and
6 find it. But are those numbers supposed to be --
7 should be the same?

8 So when I look at long term debt in the -- in
9 here at long term debt for '24, it says 306. And
10 here, it says for '25 353,381. But if I go to '25 in
11 your 2-OA, I think I get 385,534. Are those numbers
12 different -- they are different, I think. Is there a
13 reason maybe you can help me with?

14 Z. ISLAM: For 2025 specifically, the 2-OA was
15 based on a forecast basis, and as we noted, we have
16 not submitted an updated 2-OA appendix. Furthermore,
17 the financial statements for 2024 does not reflect
18 the debt conversion, the shareholder debt conversion,
19 so it might not tie to the 2024 balances that you see
20 in 2-OA.

21 M. GARNER: Yeah, which was 378. I am looking
22 at it. And this one is 306. And you are saying --
23 so that is the conversion number-ish thing, \$70
24 million, roughly, sort of thing? Okay.

25 So let me just ask it this way: If I went to
26 '23 and otherwise, and I am looking at financial
27 statements, should that long-term debt line -- I hear
28 your explanations for those two years. Should that

1 long-term debt line match up with your 2-OB debt
2 instrument lines for earlier years as a general
3 matter?

4 Z. ISLAM: Yes, it should.

5 M. GARNER: Okay. That is what I was trying to
6 understand.

7 Okay. I think those are all the questions I
8 had. I know Mr. Harper has questions, but I am
9 thinking maybe we would rather take lunch.

10 T. HOBBS: Okay. So let's take a lunch break
11 now. I propose we return at 2:00.

12 M. GARNER: Thank you. Thank you, Panel.

13 --- Upon recessing at 1:07 p.m.

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

15 T. HOBBS: Okay. I think we will get started.
16 So we have Mr. Harper up from VECC.

17 B. HARPER: Good afternoon, Panel.

18 T. HOBBS: You have about 10 minutes, Mr.
19 Harper.

20 B. HARPER: Sorry to interpret you.

21 T. HOBBS: No, please proceed.

22 **CROSS-EXAMINATION BY B. HARPER (VECC)**

23 B. HARPER: Good afternoon, Panel. As indicated
24 my name is Bill Harper, and I am a consult for VECC.
25 I have four topic areas I would like to just discuss
26 with you this afternoon, two of which were ones that
27 were referred to this Panel during my discussions
28 with Panel 1 on Monday.

1 The first one has to do with attachment pole
2 review, and for that, could we turn to 6-VECC-64,
3 Attachment 1, which is an Excel spreadsheet, Table 2.
4 Yeah, it is -- Table 2 is at the bottom half of the
5 screen there.

6 And here, you set out the forecast pole
7 attachment rates, number of poles you used for
8 purposes of forecasting the pole attachment revenue
9 between 2027 through to 2031. I would like to look
10 first at the inflation rate used.

11 Now, for 2027, am I correct that the attachment
12 rate was derived by escalating the currently approved
13 '26 rate by a rate of 2 percent?

14 I think it should be fairly clear because the
15 table itself indicates the inflation rate of 2
16 percent is used for the years 2027 through 2031.

17 Z. ISLAM: That is correct. We used an
18 inflation factor of 2 percent each year.

19 B. HARPER: Okay. As you know, the Board has
20 just recently released the 2027 inflation parameters.
21 And for 2027, the inflation factor for the
22 electricity distributors is 3 percent.

23 Would you agree that the derivation of the 2027
24 pole attachment rate should be updated to use the 3
25 percent as opposed to 2 percent?

26 Z. ISLAM: Elexicon will update all the Board-
27 approved parameters at a future point in this
28 application. So yes --

1 B. HARPER: I wasn't asking you to do it now or
2 asking you to take an undertaking. I was just want
3 to agree that, yes, it should be updated, and I think
4 you have said yes.

5 Z. ISLAM: That is correct. We will update as
6 per the latest Board-approved rates.

7 B. HARPER: Now, can you confirm for me that 3
8 percent is the lowest distribution inflation factor
9 that the Board has approved in the last five years?

10 If you want to take that subject to check, that
11 is fine, but my review of the record shows the rates
12 have ranged from 3.6 percent to 4.8 percent over the
13 previous four years.

14 Z. ISLAM: Subject to check, we can review or
15 validate those rates.

16 B. HARPER: Okay. Fine. I guess I was just
17 wondering what was the basis -- your basis for using
18 2 percent as the going-forward inflation rate for --
19 well, I guess what I will now say 2028 through '31?

20 Z. ISLAM: The 2 percent rate aligns to the
21 inflation factor we incorporated in our OM&A which is
22 noted in Exhibit 1, Tab 5, Schedule 2. And --

23 B. HARPER: You don't -- you don't have to go
24 there.

25 Z. ISLAM: Yes. Additionally -- yes.
26 Additionally, it aligns to the historic inflation
27 objective of Bank of Canada, and we aligned it
28 accordingly.

1 B. HARPER: Right. You would agree with me,
2 though, that the Board's inflation factor is not
3 meant to mirror Canada's inflation rate; it has both
4 a labour inflation rate component as well as a more
5 basic standard inflation rate component.

6 So it is a little bit different than the Bank of
7 Canada's benchmark -- sort of the parameter the Bank
8 of Canada is monitoring. Would you agree with that?

9 S. VETISIS: While we would agree that the
10 derivation is different, as you have stated, I think
11 the -- historically, the 2 -- that 2 percent
12 parameter has aligned with the OEB's inflation
13 parameter.

14 And long term, generally speaking, Bank of
15 Canada tries to provide incentives to bring inflation
16 down generally to that rate, and so we would
17 anticipate that the IPI would be close to that.

18 B. HARPER: Okay. So the IPI portion of the
19 Board's inflation parameter, you are saying, might be
20 close to that, but that doesn't necessarily --

21 S. VETISIS: So I used -- in this context, Mr.
22 Harper, I used IPI as the input price index, so I
23 meant the inflation factor overall.

24 B. HARPER: Okay. Would you agree with me that
25 -- now, you mentioned earlier that the 2 percent
26 aligns with what you used for the OM&A in your
27 application. Would you agree with me that in your
28 CIR application, you are proposing to update the

1 inflation factors every year for what is the Board's
2 actual approved inflation factor for that year?

3 You aren't proposing to use 2 percent as the
4 actual numbers but to update those for the Board's
5 actual inflation rate as you move through your CIR
6 period; correct?

7 S. VETSI: Correct. We would calculate the CIR
8 parameters using the 2 percent rate that aligns with
9 the assumption in the plan. And then each year, we
10 would update the inflation factor per the Board's --

11 B. HARPER: Okay. And that differs from your
12 proposal for the other operating revenue, and more
13 specifically pole attachment revenues, wherein in
14 response to VECC-1, you indicated that what you are
15 forecasting here, which was 2 percent, is what you
16 are proposing will actually be used throughout the
17 CIR period for other revenue; correct?

18 You aren't proposing to update your forecast for
19 pole attachment revenues or other things that are
20 driven by the Board's inflation factor for what the
21 Board actually approves during the CIR period.
22 Rather, you are going to use the forecast as set out
23 in your application currently; right?

24 S. VETSI: I mean, that is correct, Mr. Harper,
25 and that proposal balances practicality. I think in
26 the case -- my recollection is that we do have a
27 variance account with respect to pole charges. And
28 so -- and differences of a percent either way on this

1 charge would not make a material change to overall
2 other revenues. And so for rate setting simplicity,
3 we would hold the other revenues constant to
4 determine rates, and any differential between the
5 actual OEB inflation factor and what's been assumed
6 here would be captured to that account.

7 B. HARPER: Okay. Okay. No, thank you. I just
8 wanted to make sure that we appreciated there was a
9 difference in approach.

10 I notice that when it comes to the number of
11 poles that the number of pole forecast has -- in your
12 forecast here, for 2025, you are forecasting 30,291,
13 and for 2026, you are forecasting 30,491. Now, I am
14 just wondering what was the basis for the increase,
15 for that 200 pole count increase, from '25 to '26
16 that you are forecasting?

17 Z. ISLAM: I believe that was based on
18 information we received from our operations teams.

19 B. HARPER: Because what struck me as curious is
20 that after 2026, the pole count is held constant at
21 30,491, which I find somewhat inconsistent with the
22 fact that, you know, you have been talking elsewhere
23 about overall growth in your service area over the
24 rate term period. So how do you reconcile or can you
25 explain why the pole count is held constant after
26 2026?

27 S. VETISIS: Mr. Harper, we don't have any better
28 information on the -- you know, this represented the

1 best information we had for an estimation of the
2 total number of poles, given the fact -- and I
3 recognize the broader growth in our service
4 territory, but the growth in this parameter is a
5 little different than total customer count.

6 And so given the prevalence of the variance
7 account that I mentioned earlier and the fact that
8 that would be captured in any event and customers
9 would be held whole, we felt that this approximation
10 was reasonable for its purposes.

11 B. HARPER: Can you just clarify for me, what is
12 the variance account that is going to hold the
13 customers whole on -- for this particular item?

14 S. VETISIS: I am a little rusty on this one. It
15 has been a while. But I recall an account was
16 established when this pole service charge first went
17 in. And because distributors have other revenues
18 that were established at a time of rebasing and this
19 rate changes over time, I thought the account
20 captures, subject to check, of course, the
21 differences between what is assumed in -- at the time
22 of rebasing and then the changes in the rate over
23 time.

24 B. HARPER: Okay. I think we may have a point
25 of a disagreement on that, but rather than going into
26 that now and taking time, I will just ask you to sort
27 of maybe refresh your mind on that before we get into
28 the settlement conference. Okay?

1 S. VETISIS: I will do my homework.

2 B. HARPER: Okay. Thank you.

3 Moving on, the next topic I have has to do with
4 merchandising, revenue, and cost, and maybe we can go
5 to 6-VECC-65. And, again -- no, that is right. You
6 can just stop right there. The first two line items
7 there are dealing with revenues from merchandising
8 and costs and expenses from merchandising.

9 And maybe if you could first just -- or for
10 everybody's sake, explain to me, what are the
11 activities that are caught up in merchandising for
12 which you are recording revenues and cost here?

13 Z. ISLAM: So it would include activities such
14 as temporary services, customer substation
15 isolations, et cetera.

16 B. HARPER: Okay.

17 And as part of the response, you explain the --
18 as part of the response to VECC-65, you explain the
19 basis for -- in this table here, for the forecast for
20 the cost and expenses. And you basically state it is
21 a four-year historical average of actual expenses
22 from '21 to '24 adjusted for specific charge updates,
23 as noted in Exhibit 8, Tab 1, Schedule 1.

24 Could you tell me, what were the specific charge
25 updates you are referring to, and what were the
26 specific adjustments that were made?

27 If you need to and would rather do this by way
28 of an undertaking, that is fine by me.

1 Z. ISLAM: If we can go to 8-SEC-94. And if you
2 go -- if we can go to page 3 of 4. So, Mr. Harper,
3 as you note, the items where we note discontinued
4 time and materials, so those were the adjustments
5 that we were referring to.

6 B. HARPER: So this would -- would this lead to
7 an increase or a decrease in the cost? Like, I am
8 just trying to understand whether the adjustment was
9 up or the adjustment was down.

10 Z. ISLAM: In relation to the merchandising and
11 jobbing activities, because the legacy utilities had
12 rebased more than a decade ago, the actual cost
13 incurred in relation to the activities and what was
14 being recovered by Elexicon had a significant
15 mismatch, so the costs were higher than the revenues
16 we were collecting.

17 So as a result of this change, our costs will be
18 fully recovered from the customer. So overall, it
19 will be an increase in revenues that is going to
20 offset the actual cost incurred.

21 B. HARPER: That is what I thought, but when I
22 read the explanation, you were adjusting the cost.
23 Like, if -- if it was based on -- if the costs were
24 actually higher, then the historical values would
25 show the actual costs, but the revenues would be
26 understated because they weren't reflective of actual
27 costs.

28 So I would have thought, if anything, the

1 adjustment would have been an upward adjustment to
2 the revenues as opposed to an upward adjustment to
3 the cost.

4 Z. ISLAM: So essentially what we have done for
5 forecasting purposes is we have made the revenues and
6 costs in relation to these activities the same. So
7 as a result, on a net basis, they are offsetting each
8 other, and as a consequence, has no impact in the
9 future years.

10 B. HARPER: So to answer my question, the
11 adjustments would have been downward adjustments,
12 then, to costs? You would have been adjusting the
13 cost downwards? Or, like, again, were you -- would
14 these adjustments in the end reflect the fact that
15 you are discontinuing service charges?

16 Were they -- did that end up an adjustment
17 upwards in the forecast versus the historical average
18 or adjustment downwards relative to what you would
19 have derived just using the historical average?

20 S. VETISIS: Sorry. Mr. Harper, when you are
21 talking about adjustments right now, what are we
22 adjusting?

23 B. HARPER: Okay. If we go back to VECC-65.
24 And you look at the second line, which is 4330, and
25 it talks about a four-year historical average of
26 actual expenses adjusted for specific service charge
27 updates. So it was those adjustments that I was
28 talking about, the adjustments for the service charge

1 updates, and what the adjustments were.

2 And I think you answered me, they are related to
3 those areas where you are changing from having a
4 charge to basing on actual billing. And then I was
5 curious as to whether the adjustments you made for
6 purposes of your forecast led to an increase over
7 what was the four-year historical average or a
8 decrease relative to what was the four-year
9 historical average, specifically the adjustments that
10 you are referring to here?

11 Z. ISLAM: So if we can just pull up Appendix 2-
12 H, which is attached in 1-SEC-13.

13 B. HARPER: Right. It is Attachment 2. I was
14 going to go there next. So -- so you are -- so we
15 are heading in the right direction.

16 Z. ISLAM: So to respond to your question, Mr.
17 Harper, as you can note, the account 4325, once we
18 normalize for the activities for which we are
19 charging time and materials, the revenues are going
20 down as well as the costs are going down. So it is
21 moving the same direction in most circumstances for
22 4325 and 4330.

23 B. HARPER: Okay. So the -- so the -- so the
24 proper response for VECC-65 would have been to
25 include -- to have mentioned the fact there were
26 adjustments not only to the cost, but there were also
27 adjustments to revenues as well? That would have
28 been a more appropriate response to VECC-65?

1 Z. ISLAM: Specifically in relation to VECC-65,
2 we have noted that we have performed adjustments to
3 both revenues and costs, which is the 4375 and 4380,
4 based on the --

5 B. HARPER: No, no, no, no. I am talking about
6 4325 and 4330.

7 Z. ISLAM: Oh, sorry. Yes. So 4325 and 4330,
8 again, that we have used the four-year historical
9 average, yes.

10 B. HARPER: Right. But you have adjusted both
11 of them as -- but what you just told me was you
12 adjusted both of them, whereas in this response, you
13 just indicated you only adjusted one -- one of them.
14 So all I am saying is that --

15 Z. ISLAM: Yes. So correct, yeah.

16 B. HARPER: -- a more fulsome response would
17 have been to add a little -- tack on a part saying --
18 on the revenue, saying "adjusted for specific charge
19 updates" as well -- on the revenue side as well?

20 Z. ISLAM: Yes, correct. We adjusted --

21 B. HARPER: Okay.

22 Z. ISLAM: -- for the -- the --

23 B. HARPER: Fine. That clears it up for me.

24 Z. ISLAM: -- based on the --

25 B. HARPER: That clears it up for me.

26 Now, can we go back to Appendix 2-H, the SEC-13
27 attachment too that you just had. What I was curious
28 about -- and this is the last question that I have on

1 this particular topic area -- was that in every one
2 of the forecast years, the revenues are less than
3 cost. And I was wondering, like, you know, why would
4 you be in this business of merchandising if you
5 aren't -- if the revenues are less than costs in
6 every single one of the years? I'm just wondering if
7 you can explain that to me.

8 Z. ISLAM: As I noted earlier, Mr. Harper, it
9 has been more than a decade since our legacy utility
10 has rebased. So as a result, some of the charges
11 that we are recovering from our customers are not
12 fully compensating for the costs incurred in relation
13 to those activities.

14 B. HARPER: But I thought that is why you were
15 making adjustments to certain of those specific
16 charges that we talked about in Exhibit 8, Tab 1,
17 Schedule 1 is you were trying to correct that
18 problem? What I am -- what you are saying is you
19 haven't fully corrected it?

20 Z. ISLAM: If we can just go back to that 8-SEC-
21 94, so page 3 of 4.

22 As you can note from this table, Mr. Harper, we
23 are only moving to time and materials for a few of
24 the activities. There are other activities where we
25 are not changing the rates that are being charged.

26 B. HARPER: Right.

27 Maybe I would like you to do this by way of an
28 undertaking, is for -- for the -- for the various

1 specific service charges that you have listed here on
2 this table, would you tell me which ones are captured
3 -- the revenues and costs are captured in -- in
4 material accounts we have just been talking about,
5 4325 and 4330.

6 Because there is another account which is
7 miscellaneous service revenues, which -- which I
8 think captures some of these as well. So I would
9 like you -- if you could tell me specifically which
10 of these specific charges are reflected in those two
11 accounts, 4325 and 4330, and perhaps you could just
12 do that by way of undertaking.

13 Z. ISLAM: Yes, we can take that undertaking.

14 B. HARPER: Okay. Fine. Thank you very much.

15 T. HOBBS: That will be Undertaking JT-3.23.

16 **UNDERTAKING JT-3.23: ADVISE WHICH OF THE**
17 **SPECIFIC CHARGES IN EXHIBIT 8, TAB 1, SCHEDULE 1**
18 **ARE REFLECTED IN ACCOUNTS 4325 AND 4330**

19 T. HOBBS: Mr. Harper, I also note that you
20 are 10 minutes over time.

21 B. HARPER: Yeah, well, I have two questions
22 here which were redirected to this panel during my
23 discussions with Panel 1, and I think -- I think
24 Elexicon understands what the general questions are,
25 and I can pursue them now, or I can put them down in
26 writing, if -- because I think you know what the
27 topics -- or the general gist of each is, and I can
28 send them in, if you want to save time that way. It

1 is totally up to you how you want to proceed with
2 this.

3 S. VETISIS: We are happy to try it now, Mr.
4 Harper.

5 B. HARPER: Okay. Because I think they should
6 be fairly quick.

7 So can we go to Exhibit 9, Tab 4, Schedule 2,
8 page 28. Page 28, which is virtually at the end of
9 the whole exhibit. It is the third-last page, I
10 believe -- the fourth-last page, yeah. There should
11 be a -- there should be a Table 4 on that page.
12 Okay. Right. Okay.

13 Now, here in the initial application, Elexicon
14 identifies that there are 15 large customers for whom
15 it proposes to track and record for future refund or
16 recovery the difference between forecast and actual
17 revenues; am I correct in that? This was in the
18 initial application?

19 S. VETISIS: Yes, correct. This was the baseline
20 in the initial application.

21 B. HARPER: Right.

22 Now, you know, you don't have to turn to it, but
23 Staff-93 lists a total of 72 customer applications
24 where the potential for additional large loads was
25 identified and included to some degree in the revenue
26 forecast.

27 So really what I was interested in doing was
28 what were the criteria that you used to sort of say

1 that it was this -- these 15 customers out of those
2 72 that were the ones that you are proposing for
3 purposes of this variance account?

4 S. VETISIS: So the definition in this is
5 discussed a little bit on the prior page. It defines
6 new large load -- prior page, lines 16, 17, and 18,
7 so it says new large -- Elexicon defines "new large
8 load customers" as customers in the GS 3,000 to 4,999
9 kilowatt and large-use rate class, which did not have
10 accounts as of December 31st, 2024. So it is more
11 than 3 megawatts of demand --

12 B. HARPER: Okay.

13 S. VETISIS: -- plus the account did not exist.

14 B. HARPER: Right. And then if we just -- okay.
15 That is good. That is useful. I think it helps.

16 So if we go to 10-SEC-101, Table 2. And here
17 you have -- you have now got an updated list, which
18 is down to 7 customers, and I understand -- you can
19 just correct me if I am wrong -- that really all you
20 have done here is you have moved the date from
21 December 2024 up to December 2025, and it is
22 customers that did not exist as of that point in
23 time. And so by moving the date up 12 months, you
24 eliminated a number of customers from the list; am I
25 correct in that?

26 S. VETISIS: Yeah, the one tweak I would make, so
27 it is -- it is the advancement of the date to any
28 account because we updated our load forecast --

1 B. HARPER: Right.

2 S. VETSIS -- and the '25 customers are now
3 reflected in actuals. So it is a shift of the date.
4 It is also just an update on the status of the
5 project list. If you know -- you know, when we do
6 our adjustments, we assign probabilities based on the
7 status, and so it also reflects that latest
8 information as well.

9 B. HARPER: Okay. Fine. Thank you very much.

10 And actually, I used the time. I think I will
11 pass my last question, and that will be the end of my
12 questions for this Panel. Thank you very much.

13 T. HOBBS: Thank you, Mr. Harper.

14 Up next we have Mr. Li from BOMA. You have 10
15 minutes.

16 C. LI: Good afternoon. You know what, actually
17 at this point, I think I am just going to give up my
18 10 minutes because all my question have been fairly
19 adequately covered by Mr. Harper already when it
20 comes to the specifics of the charges. So I don't
21 have any questions. Sorry, I probably should have
22 anticipated that.

23 T. HOBBS: No problem, Mr. Li. Thank you.

24 So I think we can move, then, to CCMBC. That is
25 Mr. Ladanyi. If you are ready to go.

26 **CROSS-EXAMINATION BY T. LADANYI (CCMBC) :**

27 T. LADANYI: Thank you. Yes, I am ready to go.

28 I had more questions originally, but some of

1 them were covered already this morning by Mr. Gluck,
2 so I have only one question. And this is related to
3 the operational technologies. And you don't have to
4 turn up too many interrogatory questions, just 4-
5 CCMBC-10.

6 Essentially, what you said in your answer -- and
7 I -- because I want to go quickly here -- is
8 according to --

9 "While OT investments are expected to
10 contribute to operational efficiencies and
11 potential OM&A savings in the long run, such
12 savings would be speculative at this point, and
13 it would be more appropriate to assess
14 following the broader implementation of
15 operational experience." (as read)

16 So if there are any savings during the IR term,
17 would they accrue to the shareholders or to the
18 ratepayers?

19 S. VETISIS: Mr. Ladanyi, so, you know, the
20 largest impetus for us for our investment in grid
21 modernization ultimately is improvements to
22 reliability and helping control the length of
23 outages.

24 You know, we are currently in a circumstance
25 where we have deteriorating reliability performance,
26 and so what we anticipate is that this will help us -
27 - you know, that investment will help us manage that
28 reliability. I think it is less about savings and

1 benefits to shareholders in this rate term. It is
2 more about managing reliability and managing outage
3 length.

4 T. LADANYI: All right. So actually -- thank
5 you for that.

6 These are all my questions on behalf of CCMBC.
7 I have some questions on behalf of Energy Probe, but
8 I think DRC is before me.

9 T. HOBBS: I don't believe DRC will be asking
10 any questions orally, so you can proceed with the
11 questions on behalf of Energy Probe.

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

13 T. LADANYI: Thank you. I expected that,
14 actually.

15 I will start with questions about -- that I
16 asked of Panel 1 was directed to Panel 2. I have
17 some questions about grid modernization plan.

18 And I asked, were participants in the customer
19 survey informed about the rate impact of the grid
20 modernization plan. And Ms. Stevens provided some
21 answers, but I think I was finally directed to follow
22 this up with Panel 2. So were they provided
23 information about the rate impact of the grid
24 modernization plan?

25 That was in relation to Energy Probe 2B-EP-5,
26 but you don't have to turn it up.

27 S. VETTSIS: Could we go to Exhibit 1, Tab 7,
28 Schedule 1, Attachment A.

1 T. LADANYI: Yes.

2 S. VETSI: And so -- and within Attachment A,
3 if we can look at the numbers at the bottom of the
4 right page. Looking for the number 324. So exhibit
5 -- there we go.

6 So, yeah, it is this survey. If you are not
7 seeing the number at the bottom, look at the number
8 53 in the header of the page. There is -- at the
9 bottom of the -- at the bottom right, it says "324."

10 And so maybe as we are getting here, just as a
11 bit of a background, Mr. Ladanyi. So during our
12 customer engagement process, we undertook a two-
13 phased approach. During Phase 2 of that customer
14 engagement, we did an online survey that was open to
15 all of our customers. Customers were presented with
16 the large drivers of our investment plan and were
17 given options to make certain choices.

18 And so if we start here at the page that I was
19 mentioning, it will show the start of the section on
20 grid modernization. So here, customers were given
21 the option in two areas; there is the metering as
22 well as modernization. You will see they were
23 initially shown a specific rate impact of our draft
24 plan and how it contributes to the total rate
25 increase over the period.

26 So like I said, in this example, \$2.41 is the
27 cost of grid modernization. The 22.71 was the total
28 rate change over the period. And so as we walk

1 through the survey, you see the information that
2 customer received.

3 In the next page, we provide a bit of an
4 overview -- if you could scroll down -- of an
5 overview of what grid modernization technology is.
6 Some of -- and how -- what benefits it provides.

7 And then as we go further, we go to the metering
8 section where we provide further details. We talk
9 about our metering fleet. We talk about the benefits
10 -- we talk about meter replacements, and we give
11 customers a choice, you know, whether -- Elexicon
12 needs to decide whether we spend more on complete
13 upgrades by 2031, follow the draft plan and complete
14 upgrades by 2034, or spend less and defer all
15 upgrades.

16 And on the very next page, so we should be
17 seeing -- you see they have a table. They spend
18 less, a draft plan, a spend more option. A dollar
19 value is provided for each of those options to
20 customers, and they have the opportunity to make a
21 choice.

22 T. LADANYI: These are residential customers?

23 S. VETSI: Every customer class. I am using
24 the residential as an example.

25 T. LADANYI: No, that is fine. I just wanted to
26 know what you were showing me --

27 S. VETSI: Yeah --

28 T. LADANYI: No, I have actually looked through

1 all this material, and I am listening to your
2 explanation. Go ahead.

3 S. VETSI: Yeah. And this is the residential
4 example. Every class had a survey that was tailored
5 with a bill impact that was aligned with the rates
6 that they paid.

7 And then, again, as we continue, the next
8 section is on grid modernization where we talk, you
9 know, more about the field equipment, that kind of
10 stuff.

11 Please keep going, Sadia.

12 This is just a summary of results. And so here,
13 yeah, modernization, we talk about, you know, the
14 technologies that exist, fault location, isolation,
15 restoration, the impacts potential on reliability.
16 There is a section here titled "Customer Impact"
17 which shows what these investments will allow.

18 And then, once again, customers are shown a
19 table. They are given for this specific subset here
20 -- you recall earlier you see \$1.12, that is the cost
21 of the grid modernization on its own. Spend less,
22 draft plan, spend more option

23 So through this survey, customers did have line
24 of sight into the cost of grid modernization over the
25 period, and they had the opportunity to select
26 whether they wanted to adopt the draft plan, have a
27 spend more option, or a spend less option. And on an
28 overall basis, the vast majority of customers

1 supported the level of investment in grid
2 modernization that was in the draft plan or greater.
3 And that --

4 T. LADANYI: Sure. Can I just ask you how many
5 customers participated? So this was a survey whereby
6 customers self selected. They went to the website,
7 and they essentially played with these numbers; is
8 that right?

9 S. VETSIS: This survey was made available to
10 all of our customers. We advertised it on the radio,
11 we sent it out to e-mails, et cetera, and we had
12 participation of roughly 10,000 in this specific
13 round of --

14 T. LADANYI: 10,000 out of -- how many customers
15 do you have?

16 S. VETSIS: Roughly 180,000.

17 T. LADANYI: Okay. Well, that is interesting.
18 Thank you very much.

19 S. VETSIS: No problem.

20 T. LADANYI: Okay. Let's go to the next place.
21 Another question was about grid modernization and its
22 approval by the board of directors. And from what I
23 understand what was said with Panel 1 is that there
24 was actually no approval of grid modernization by
25 your board of directors.

26 They approved the total capital plan, but not
27 specifically grid modernization, and there was no
28 business case presented to them; is that right?

1 S. VETSIS: I mean, I should clarify, the Board,
2 you know, provides governance, and so we take to the
3 Board business plans that they approve. You know,
4 the Board was presented with the investment plan that
5 underpins this application and were aware of grid
6 modernization, the contributions of grid
7 modernization and its contributions to the plan and
8 the fact it was part of the make up of the plan.

9 I know you mentioned the term "business case."
10 I just would like to say when we talk grid
11 modernization, I mean, we are fundamentally talking
12 about the installation of proven automation
13 technologies that have existed in the sector for
14 quite some time.

15 You know, from our Board's perspective, they
16 would have seen the reliability outcomes that these
17 investments would entail. They would have seen the
18 associated cost as part of the overall business plan
19 that they approved.

20 T. LADANYI: Okay. I get the general
21 impression, and maybe I am wrong here, that the term
22 "grid modernization plan" was not something that was
23 actually presented to the board of directors at all.
24 It was something that came up later in the filing,
25 and eventually projects were grouped together to call
26 -- to create something called grid modernization
27 plan, and essentially, it is for presentation to the
28 OEB.

1 And I also get the impression, you can correct
2 me on it, that the board of directors actually got
3 less information about this grid modernization than
4 the customers in the customer survey.

5 S. VETISIS: I don't agree with that assessment.
6 Again, I think, you know, the Board was provided with
7 details of the plan and the underlying investments
8 which made it up. I think the -- you know, the term
9 -- we have to be mindful of how we communicate
10 information.

11 In the OEB world, there are specific cost
12 categories that are defined, you know, general plant,
13 system access, system service, et cetera. And so we
14 have to communicate our investments through that
15 lens.

16 And so in the case here of our application to
17 the OEB, you know, grid modernization -- these
18 investments, they all -- they interconnect and they
19 provide an overall outcome. And in -- you know, and
20 so talking about them together helps us understand
21 why we are doing all these disparate pieces because
22 there is an overall objective that we are trying to
23 achieve.

24 And so similarly to our Board, when we presented
25 our draft plan to them for their information, they
26 saw those categories of investment, they saw grid
27 modernization, and that was part of their decision
28 making.

1 T. LADANYI: Okay. Thank you.

2 So the next one that I was told to follow up on
3 is my -- is the issue of the aggregators and I --
4 that was in relation to your response to 2-DRC-7.
5 You don't have to turn it up.

6 In that response, you mentioned aggregators
7 twice, and I would like to understand, what is an
8 aggregator? Could you tell me what is exactly an
9 aggregator? It is on page 6 if you are looking for
10 the response.

11 S. VETISIS: I mean, Mr. Ladanyi, I don't know
12 what the formal Webster's definition is of
13 "aggregator," but typically when we discuss
14 aggregators, I think of an entity that is responsible
15 for coordinating devices across multiple customers in
16 order to provide overall service to the system.

17 T. LADANYI: All right. So in the case of
18 aggregators that are operating in the DER business
19 and aggregating a bunch of DER customers into a
20 larger group, do you have any contracts with
21 aggregators, or is your contract with the DER owner,
22 the owner of the premise with a DER, let's say,
23 rooftop solar unit.

24 D. COBAN: Mr. Ladanyi, I believe we provided
25 you an undertaking yesterday to clarify this exact
26 point.

27 T. LADANYI: Yes. And I thought I could
28 actually get more of an explanation from Mr. Vetsis.

1 I thought he was really familiar with this area being
2 -- I think he is in overall charge of the business of
3 this. But if he is not and he is unfamiliar with it,
4 that is fine.

5 D. COBAN: Just in the interest of efficiency, I
6 think the answer you are looking for will be
7 addressed by that undertaking.

8 T. LADANYI: Okay. Now, there was one question
9 I did not ask and I would -- do you know, do
10 aggregators have contracts with DER owners?

11 S. VETSI: I mean, you are asking about a
12 relationship that doesn't involve Elexicon. I mean,
13 my understanding is that they do, but I can't speak
14 to that in detail.

15 T. LADANYI: You don't review those contracts?
16 You don't even ask to see them, do you?

17 S. VETSI: Not that I am aware of. Again,
18 those are -- those are --

19 T. LADANYI: I am trying to visualize the
20 situation that might be developing. Can I just
21 explain to you? Some aggregator come to you and it
22 says, I have aggregated these 500 customers. And you
23 say, okay, fine. Or you say, can we see the
24 contracts you have with these customers to see
25 whether you really have their permission to what
26 you're doing?

27 S. VETSI: I mean, I think, Mr. Ladanyi, we are
28 talking speculation right now. As far as I know, we

1 -- in our application, we don't have any non-wires DR
2 programs. I am not aware of any contracts we have
3 with aggregators. You know, typically with any
4 service provider, you enter into an agreement with
5 them, and associated with that are certain
6 liabilities and obligations.

7 There would be terms of the -- of performance,
8 et cetera, and I would imagine, you know, as -- just
9 like we do with any vendor, we would conduct a legal
10 review to ensure certain due diligence before
11 engaging.

12 T. LADANYI: Okay. Thank you.

13 Next, I want to ask a question of a matter that
14 was brought up by Mr. Brophy yesterday. He talked
15 about Durham Region is committing itself to net zero
16 by 2045, and there is an undertaking about that in
17 JT-2.2. And I am not going to ask you what he asked
18 you.

19 I am just going to ask you, have you provided
20 any information to Durham region about the timing and
21 cost of any net zero commitments and potential impact
22 on electricity rates paid by Durham Region residents?

23 S. VETSI: In this case, we are talking about
24 net commitments by whom?

25 T. LADANYI: Excuse me? I didn't hear it.
26 Could you speak up a little bit.

27 S. VETSI: Sorry. You are talking about net
28 zero commitments by whom in this -- in this --

1 T. LADANYI: By the region, Durham Region. That
2 is what he was talking about yesterday, and he got an
3 undertaking from you, JT-2.2. I would have thought -
4 - maybe -- maybe -- maybe I am wrong. I would have
5 thought -- let's say Durham counsellors are thinking
6 of this, and then they say, what will it involve.

7 Let's ask our utility, Elexicon, what is
8 involved in getting to net zero, whether they can
9 actually do it. But maybe they never did. Maybe
10 they just made this commitment without consulting
11 you.

12 S. VETSI: Our planning team regularly engages
13 with the planning teams of the municipalities that we
14 serve as well as the region. I can't confirm whether
15 they have discussed net zero, but when we talk from a
16 planning perspective, we are always discussing -- we
17 talk load, we talk capacity, and we make sure that we
18 have a pulse on the growth and the demand that we
19 anticipate in the areas that we serve so that we can
20 appropriately plan and make sure that we meet general
21 load growth within our service territory.

22 T. LADANYI: So you actually are not sure
23 whether you have provided any information to anything
24 they asked about net zero?

25 S. VETSI: You are asking a hypothetical. I
26 don't even know what to ask --

27 T. LADANYI: Yeah, well, I don't know. See, I
28 don't know what happened. Mr. Brophy brought it up.

1 The impression I got from the exchanges yesterday,
2 that it did take place, but maybe I have got the
3 wrong impression. Please correct me.

4 S. VETSIS: Perhaps we should see what the
5 undertaking looks like. I cannot recall the
6 specifics of the undertaking, and it might be more
7 efficient to take a look at what is provided there
8 and see if that answers your question.

9 T. LADANYI: All right.

10 Let's move on to your response to 1-EP-1. Can
11 we have that on the screen. Very good. Thank you.
12 And in response to that undertaking, you listed four
13 active solar generation projects under Elexicon
14 Energy. The first one is Ajax rooftop solar. And I
15 wanted to know, does generated energy flow through a
16 separate meter or through a joint meter with the Ajax
17 office? For example, is Ajax's office on net
18 metering?

19 You can take an undertaking if you don't know
20 the details.

21 Z. ISLAM: Mr. Ladanyi, if you can just look at
22 Point 1 just below, the technical aspect. As we note
23 over there, if I can refer to line 15 and line 16, we
24 note that they have their own meter.

25 T. LADANYI: So there are two meters at the Ajax
26 office?

27 Z. ISLAM: There is one meter specifically for
28 the Ajax rooftop solar.

1 T. LADANYI: Well, there is one for the office.
2 You have the office, and people are in the office.
3 That is your meter for the electricity used by the
4 people in the office. And then there is another
5 meter, which is for the solar; is that what you are
6 saying?

7 Z. ISLAM: Subject to check, we can confirm
8 whether there are two meters at the Ajax office or
9 more.

10 T. LADANYI: While you are doing that, you can
11 see if it is going to be an undertaking -- you
12 confirmed there are two meters. Okay. So there is
13 no undertaking.

14 Then let me ask you this second question: Who
15 owns the inverter? So inverter is required between
16 the direct current generated by the solar panel and
17 the ACA current that has to be injected or exported
18 into the grid.

19 S. VETSI: Mr. Ladanyi, you are getting into a
20 degree of granularity that I don't know -- on this
21 panel at this moment.

22 T. LADANYI: Well, I was just --

23 D. COBAN: I think -- sorry, Mr. Ladanyi. I
24 think we are also just getting beyond the scope of
25 the issues in this proceedings, given that these are
26 not assets that are part of rate base, as you can see
27 here on the screen in this response.

28 T. LADANYI: Well, they are actually not beyond

1 the scope of this proceeding. I am trying to figure
2 out -- and this has been happening in many cases --
3 whether ancillary businesses that are being
4 subsidized by ratepayers in little ways, like,
5 thousand little ways, for example, giving somebody a
6 free inverter, and when you add it all up, it adds up
7 to something.

8 So it is essentially cross-subsidy between
9 regulated and unregulated businesses. That is the
10 issue, and I think that is the issue for this panel.

11 But if -- I have a few other questions about
12 this -- this interrogatory because I am actually
13 puzzled by some of the stuff here. My question is
14 also, for example, in relation to the Whitby office
15 rooftop solar. Are there two meters or one meter?
16 And this energy is flowing, obviously, into the
17 Elexicon distribution grid, and there could be net
18 metering at the Whitby office. I don't know.

19 Is Whitby office benefiting from this through
20 net metering, or is it not? This is not clear to me
21 at all.

22 S. VETISIS: We will take an undertaking to give
23 some greater background on these assets that exist
24 here.

25 I do want to mention, though, just for your
26 comfort, that Elexicon no longer has any unregulated
27 affiliate. That has been wound up. And the business
28 is focused on -- it is a purely regulated business

1 now, and so I think those concerns of the cross-
2 subsidization, hopefully that puts those to rest.

3 T. LADANYI: I hope so. I really hope so, and I
4 am very happy to hear that. But my duty is to test
5 whether this is actually happening, so that is what I
6 am doing.

7 Now -- now, Cobourg is interesting, Cobourg
8 Venture13 --

9 T. HOBBINS: Sorry. Mr. Ladanyi, before we
10 continue, is there an undertaking here?

11 T. LADANYI: Actually, I thought maybe I could
12 ask some more things, but let's have an undertaking
13 number.

14 T. HOBBINS: Okay. So we will start with a
15 number. That is JT-3.23.

16 **UNDERTAKING JT-3.24: PROVIDE ADDITIONAL**
17 **BACKGROUND ON THE ASSETS REFERRED TO RESPONSE TO**
18 **1-EP-1 INCLUDING THE NUMBER OF METERS ASSOCIATED**
19 **WITH EACH ASSET**

20 T. LADANYI: Because Item 4 was Cobourg
21 Venture13 rooftop solar. And Venture13, I think, is
22 an affiliate of -- or it was an affiliate of
23 Elexicon, wasn't it?

24 S. VETISIS: Again, Mr. Ladanyi, let's just make
25 the -- we will provide a bit more of a context on
26 each of the four items that are there. We will
27 describe the number of meters for each of them, and
28 hopefully that will provide the detail that you are

1 needing.

2 T. LADANYI: Yes. Well, one thing you should
3 add into your explanation is you mentioned a power
4 purchase agreement between the joint operators,
5 Elexicon and the Town of Cobourg.

6 S. VETSI: We will --

7 T. LADANYI: And I am assuming the Town of
8 Cobourg, by the way, is one of your shareholders?

9 S. VETSI: I do not believe Cobourg is.

10 T. LADANYI: It's not an owner? All right.
11 That is fine. But, anyway --

12 S. VETSI: -- Pickering, Ajax, Whitby,
13 Belleville.

14 T. LADANYI: All right. And -- but can you file
15 the power of purchase agreement as part of this
16 undertaking?

17 S. VETSI: I am not clear it is related to the
18 regulated business, so let's just undertake to give
19 you a description of what these things are in a
20 little bit more detail, a little more context, as
21 well as the number of meters.

22 T. LADANYI: All right. Thank you.

23 Now, can you turn to Energy Probe, and it is
24 essentially 1-EP-2. And that one has to do with your
25 use of AI in preparing this application, and I asked
26 if there were any savings in the use of AI. So were
27 they? I am still not clear after you -- in your
28 response.

1 S. VETSIS: We do not believe there were savings
2 due to AI. I think Elexicon, it is in its infancy
3 with respect to the adoption of AI as a tool. I
4 think what this interrogatory tells you is that we
5 are trying to leverage it to see where there may be
6 benefits. However, we do not believe that it has
7 materially impacted -- or that it has resulted in any
8 savings for the production of this application.

9 T. LADANYI: All right.

10 Can you turn to 1-EP-3. This one might be more
11 up to your alley -- or in your alley. It deals with
12 the funding gap that you mentioned in the preamble,
13 and it is from your evidence.

14 "By 2031, the funding gap of 36 million would
15 be represented by about 18 percent of the total
16 revenue requirement for that. Left
17 unmitigated, the funding gap between price cap
18 IR and Elexicon's investment plan would result
19 in tens of millions of dollars of undue
20 investment in Elexicon's grid and operations."

21 (as read)

22 And my question was:

23 "Please confirm that the objective of price cap
24 IR is to provide incentive to utilities to find
25 efficiencies that would reduce the revenue
26 requirement so that there would be no gap
27 between rates under price cap IR and revenue
28 requirement." (as read)

1 And I read your answer, and it seems to me that
2 what you are saying is that you are unable to find
3 efficiencies to cover the 36 million funding gap; is
4 that right?

5 S. VETSI: No. What we are saying is that
6 price cap IR would not result in just and reasonable
7 rates. It is only --

8 T. LADANYI: Okay. That is different --

9 S. VETSI: -- mechanism of meeting the
10 organization's investment -- investment needs. The
11 custom IR still incents productivity, but it is
12 tailored to the needs of investment within the
13 community.

14 T. LADANYI: Is that because price cap does not
15 provide sufficient incentive for Elexicon?

16 S. VETSI: It is because Elexicon is one of the
17 fastest growing utilities, if not the fastest growing
18 utility, in this province. And it is also because we
19 are currently experiencing declining reliability.
20 And so what that means for Elexicon is that we need
21 to -- we need to actually increase the level of
22 investment in our system.

23 And so under Custom IR, we have created a pace
24 plan that does that, that meets those needs and
25 challenges that Elexicon has. However, price cap, it
26 takes a rebasing year and escalates that by inflation
27 over time. So it will never be able to meet the
28 needs of a utility that is in a growth state.

1 T. LADANYI: So does your proposed Custom IR
2 provide you with more incentive or less incentive to
3 find efficiencies than OEB's price cap?

4 S. VETISIS: When appropriately calibrated, the
5 two methods provide equal incentives. Our
6 productivity incentives are tied to our benchmarking
7 performance, and we -- so we will be incented
8 appropriately through the stretch factor.

9 Again, I take you to the preamble. 36 million
10 is 18 percent of the revenue requirement. When the
11 OEB sets rates under price cap, the fraction of
12 incentive is a fraction of a percent. \$36 million is
13 perhaps -- this might be a tad inflammatory -- a
14 massacre.

15 It is -- it is the majority of the revenue
16 requirement that would be completely -- like, that is
17 not productivity. That is just not funding prudent
18 and necessary investment.

19 T. LADANYI: Well, we can discuss it further,
20 but the way I see it is the intention of price cap is
21 to have utilities reduce their spending so that they
22 do not need to have increases greater than inflation,
23 and you are saying you can't reduce your spending.
24 So that's -- that's -- we can discuss it further at,
25 let's say, in the hearing.

26 S. VETISIS: Again, I would point you to the
27 response, and it says:

28 "The OEB has made custom incentive regulation

1 explicitly -- " (as read)

2 And we have a quote here:

3 " -- for distributors with significantly large
4 multi-year or highly variable investment
5 commitments that exceed historical levels."

6 (as read)

7 All of those factors apply to Elexicon's
8 circumstances. The OEB saw that there could be such
9 circumstances and created this framework -- or
10 created the opportunity for this framework to ensure
11 that utilities could have the resources they need to
12 deliver service.

13 T. LADANYI: Thank you.

14 Can we turn to 4-EP-12. Can we have that on the
15 screen. And in the preamble, I quote from your
16 evidence:

17 "Participation in regulatory consultations, the
18 implementation of resulting outcomes, has also
19 required Elexicon to establish new business
20 processes across the organization." (as read)

21 And I said:

22 "Energy Probe participated in most of these
23 regulatory consultations and expressed concerns
24 about the benefits and costs of implementing
25 some of these initiatives such as the
26 centralized capacity information map. Please
27 provide more explanation as to the costs of
28 these consultations for Elexicon and describe

1 the new business processes and their costs."

2 (as read)

3 And your response is -- well, you tell me that
4 you are essentially accommodating this with your
5 existing resources and it is not costing you anything
6 -- an incremental cost; is that right?

7 S. VETSIS: I think what we are saying is that
8 we have not separately tracked the impact from a cost
9 perspective for every initiative across the
10 organization. And so as an organization, yes, we
11 have been participating in policy consultations.
12 When the outcomes come out, they result in business
13 practices, obligations, compliance requirements that
14 we, as a utility, must accommodate.

15 So that has been accommodated, you know, through
16 the staff complement that we have, which has been
17 growing over the last couple of years, to try and
18 deal with all these requirements. And as we look
19 forward into the rate period, is it continued to
20 anticipated to grow as it absorbs the impact of all
21 of these new processes as well as the other external
22 business drivers?

23 T. LADANYI: See, by my count, there are 32 OEB
24 initiatives -- they are not OEB's only. They are
25 actually Stanford Minister's letter. And many
26 required staff time and software and hardware assets
27 to implement.

28 What you are saying is that you have sufficient

1 slack in your OM&A and capital budget to implement
2 all of these initiatives; is that what you are
3 saying?

4 S. VETSIS: No, that is incorrect. I think what
5 I have said is you have seen the pressure from these
6 initiatives along with other factors has driven some
7 of the cost increases that we have seen over the
8 historical period which has driven Elexicon to need
9 to invest in its systems, processes, et cetera.

10 Going forward, we anticipate that is going to
11 continue and apply additional process. So this is
12 one of the factors -- as we continue to evolve our
13 business to ensure we are meeting all our
14 requirements, this is one of the factors that drives
15 the need for additional investment by Elexicon.

16 T. LADANYI: Okay. Thank you. These are all my
17 questions for -- on behalf of Energy Probe.

18 I want to make a statement now regarding
19 tomorrow. Now, tomorrow, my other client, CCMBC, I
20 believe has 20 minutes in the schedule. I believe
21 all the questions that I would have asked have
22 essentially already been dealt with today by other
23 parties, and I am going to return that 20 minutes
24 back to the schedule. So I will not be asking any
25 questions tomorrow.

26 T. HOBBS: Okay. Thank you, Mr. Ladanyi. We
27 will make an adjustment.

28 Up next we have Pollution Probe. You have 30

1 minutes.

2 **CROSS-EXAMINATION BY M. BROPHY (POLLUTION**
3 **PROBE) :**

4 M. BROPHY: Thank you. Good afternoon, Panel.
5 My name is Michael Brophy, and I will be asking some
6 questions on behalf of Pollution Probe. I hope to be
7 done in less than 30 minutes.

8 The first question relates to 1-PP-21. I don't
9 think you need to turn it up. And there will be some
10 other references as well. But that deals with the
11 large load revenue variance account or LLRVA.

12 You were discussing that account with Mr. Harper
13 earlier today. You discussed the account being
14 restricted to 15 new large load customers, and you
15 brought him to your evidence in 9-4-2. Do you recall
16 that?

17 S. VETSI: I do.

18 M. BROPHY: Okay. Thank you.

19 And then there was another IR response that got
20 some discussion yesterday, and it is 3-Staff-93.
21 There was an Excel spreadsheet that went along with
22 it, and that included -- that was the list of the
23 large load customers in the forecasted year --
24 forecasted load by year and the status.

25 So I was trying to reconcile those two. Is
26 there anything that reconciles the list in 3-Staff-93
27 with the 15 new customers targeted for the LLRVA? Is
28 there a way to figure out which 15 they are in that

1 list?

2 S. VETSI: I can explain the differences. So
3 that list for Staff-93 is a list of those connection
4 requests for customers 1 megawatt and above. One
5 area of difference between that list and the large
6 load variance account is that the large load variance
7 account is only for new customers, and some of the
8 customers on the Staff-93 list are existing customers
9 that are expanding their facilities.

10 The other is the date. Anything that is from
11 '26 onwards would be for the large load variance
12 account. And as I mentioned earlier in my exchange
13 with Mr. Harper, it would need to be a customer that
14 is 3 megawatts and above.

15 And so when you apply that filtering, that it is
16 net new customers 3 megawatts and above that are
17 connecting through '26 onwards, that is how you
18 filter down from the broader list here to the shorter
19 list for the large load variance account.

20 M. BROPHY: Okay. So I am just going to see.
21 So if I -- although this list only -- the 3-Staff-93
22 list only starts with the date of 2026. So it --
23 from that list, I wouldn't be able to tell who only
24 started in 2026.

25 You would be able to figure out the 3 megawatt
26 or above -- would you be able to provide a copy of 3-
27 Staff-93 and just indicate which of the 15 relate to
28 the LLRVA?

1 S. VETISIS: A light just clicked on in my head.
2 If we go to 9-SEC-101, please. So here is the
3 revised list of the customers in the LLRVA. And then
4 if we scroll down to the next page, there actually is
5 a table that corresponds to the customer numbers in
6 the response that you just showed. So this actually
7 allows you to -- apologies, it just triggered in my
8 mind now.

9 M. BROPHY: Okay. No, that is helpful. So I
10 don't -- in 9-SEC-101, I am not seeing 15 listed in
11 Table 1 or Table 2.

12 S. VETISIS: Sorry. Could you remind me where
13 you got the number 15 from.

14 M. BROPHY: It was with your discussion earlier
15 with Mr. Harper when you were discussing 9-4-2, that
16 section of the evidence, he asked you if it is just
17 those 15 new customers, and I think you agreed with
18 him.

19 S. VETISIS: Yes, and I think it just -- the
20 difference is in timing. So, as you know, the list
21 when we filed the application was originally 15. Now
22 with the addition of the 25 actuals and the updated
23 information, some have -- customers have already
24 connected. What remains here now is this is the
25 latest list of any customer that does not exist as of
26 the end of December 31st, 2025, and that is 3
27 megawatts and above. So it is just a difference in
28 timing.

1 We have updated because a year has past,
2 effectively. A year of information has now been
3 included, additional information.

4 M. BROPHY: Okay. So it is not 15, it would be
5 -- so the updated customer list. So there is -- what
6 is on the screen here for 9-SEC-101, Table 2, there
7 is -- one, two, three, four, five, six -- seven in
8 that table. And then is there more in Table 1 above,
9 or is this the only table?

10 S. VETISIS: Table 1 above converts those to the
11 annual charge determinants that we would use as the
12 baseline --

13 M. BROPHY: Okay.

14 S. VETISIS: -- for when we calculate revenue in
15 this variance account.

16 M. BROPHY: Okay. So it is seven customers now
17 based on updated info, not the 15?

18 S. VETISIS: That is correct.

19 M. BROPHY: Okay. And then you are suggesting
20 for those seven that I would be able to look at --
21 look at this 3-Staff-93 Excel spreadsheet and be able
22 to match those up. Although I guess if the load
23 estimates change, then maybe the numbers won't match
24 any more.

25 So maybe it is best -- if it is not 15, maybe
26 you could just take that spreadsheet and just
27 indicate the seven customers that relate to the
28 LLRVA, then, based on current information.

1 S. VETSI: But this is the -- this is the
2 latest information. This is the list of the
3 customers.

4 M. BROPHY: Okay.

5 S. VETSI: The numbers that were in the table
6 before correspond here. And then --

7 M. BROPHY: Okay.

8 S. VETSI: -- the only other difference is we
9 apply certain adjustments when we do manual
10 adjustments to our load forecast, you know, for
11 probability of appearing, et cetera, and that would
12 kind of account for the difference between those two
13 tables.

14 M. BROPHY: Okay. Great. Can you just pull up
15 that table again for 9-SEC-101. There, yeah. That
16 is great. Thank you. Customer count...

17 Okay. So the year and the billed KW, all I need
18 to do is match those in that other table, I think, is
19 what you are suggesting.

20 S. VETSI: No. There is a step in between.
21 You know, when we talk about our manual adjustments,
22 we have described a process in evidence whereby,
23 depending on the current status of a project, whether
24 the loads committed, et cetera, a probability is
25 applied and certain adjustments are made that convert
26 what you see in SEC-93 to what you see here. And if
27 you will give me a moment, I will get you the
28 interrogatory that provides you with the math.

1 M. BROPHY: Sure. Just to save you time and for
2 efficiency, one of -- it was the mapping of -- well,
3 initially 15, but it is really seven customers for
4 the LLRVA. And then the other spreadsheet we were
5 talking about had the status of those contracts as
6 well which is also what we were just trying to match
7 up.

8 So that is why I thought it would be easiest
9 just to note in 3-Staff-93 a version of that which of
10 the seven because then everything -- we are making
11 sure we are using the rate seven out of that list.
12 Is that something you would be able to do?

13 S. VETISIS: The numbers -- it is the left-most
14 column of what you have said. So when we look at the
15 -- it says "Customer 7" in this table that is on
16 screen right now.

17 M. BROPHY: Okay.

18 S. VETISIS: And if you go over to the Excel
19 sheet for Staff-93.

20 M. BROPHY: Okay. I see that now. So, okay,
21 the customer numbers match up.

22 S. VETISIS: Yes.

23 M. BROPHY: Okay. Perfect. No, that is
24 fantastic. Thank you.

25 S. VETISIS: And, again, if you are trying to map
26 the numbers, you go to 3-VECC-38, and it will show
27 some illustrative calculations on how we convert the
28 -- kind of the capacity of the connection to the

1 charge determinants that ultimately appear in the
2 other table.

3 M. BROPHY: Okay. No, that is helpful as well.
4 Thank you.

5 B. HARPER: Excuse me, Michael, it is Bill
6 Harper. If I could just follow up on a clarification
7 on what you have been discussing. Because I think
8 the panel indicated that Table 2 from -- that table
9 showing the billed numbers in SEC-101 would not
10 reconcile with the numbers shown by year in SEC-93.
11 Was that what you said?

12 S. VETSIS: So -- yeah. So, Mr. Harper, I think
13 in SEC-93 -- sorry, Staff-93, the Excel sheet, it is
14 providing the peak of the facility, the customer's
15 peak --

16 B. HARPER: Right. But -- excuse me. But if I
17 look at the SEC-93, it provides the peak in Column D,
18 but then if I go through Columns F through K --

19 S. VETSIS: Yeah.

20 B. HARPER: -- I thought those columns were
21 billed load --

22 S. VETSIS: Those -- those --

23 B. HARPER: -- so I thought if is sum -- if I
24 sum those columns for the seven customers, I should
25 get the same numbers as in SEC-101; right?

26 S. VETSIS: No. Those are the peak of the
27 facility, right. Some facilities might, as they
28 connect over time, grow the energy that they need,

1 and so the -- again, the math to convert that is
2 described in greater detail in 3-VECC-38.

3 B. HARPER: I am sorry to take your time, but
4 could you go to Staff-93, the actual spreadsheet?
5 Right. It says "billed kilowatts," so I would have
6 thought that would have been the billed kilowatts
7 after you went through your likelihood half-year
8 adjustment, you know, phase in, whatever you were
9 doing there. Because it says "billed kilowatts." It
10 doesn't say "peak load."

11 I am sorry, Michael, but there seemed to be an
12 inconsistency here between what the exhibit said and
13 what was being -- what we are being told.

14 S. VETISIS: I mean, this was my recollection, my
15 understanding. That said, we can take a few options.
16 If you would like me to give -- either we can come
17 back and confirm after the break, or we can re-pick
18 this up tomorrow when Mr. Blair is with me on the
19 panel. But this is my understanding and the
20 methodology. Subject to check.

21 M. BROPHY: I only have one more question after
22 this topic, so if I you wanted to think about it and
23 come back after the break.

24 S. VETISIS: Okay. Let's do that.

25 M. BROPHY: That makes sense, yeah.

26 So just another clarification on the LLRVA. You
27 had discussed in PP-21, you know, the process you
28 use, and you get a security deposit to make sure that

1 the customers actually, you know, take what they
2 commit to and what you are building for in that whole
3 process.

4 So is any amount that would end up in the LLRVA,
5 if they do not take what they committed to, net of
6 you taking and applying their security deposit? And
7 then wouldn't -- if you did that, wouldn't that mean
8 it would always be zero?

9 S. VETISIS: Mr. Brophy, I don't want to misspeak
10 on this one, so maybe I will just take this as an
11 undertaking to think it through and be sure of the
12 answer for you.

13 M. BROPHY: Sure. No problem. That is fair.

14 T. HOBBINS: Okay. That will be Undertaking JT-
15 3.24.

16 D. COBAN: I think we actually have another
17 error. We are at 3.25. The previous one was marked
18 incorrectly.

19 T. HOBBINS: Okay. Thank you. So that is 3.25.

20 **UNDERTAKING JT-3.25: ADVISE WHETHER ANY AMOUNT**
21 **ASSOCIATED WITH A CUSTOMER'S FAILURE TO TAKE ITS**
22 **COMMITTED LOAD WOULD BE RECORDED IN THE LLRVA**
23 **NET OF ANY SECURITY DEPOSIT APPLIED AND WHETHER,**
24 **AS A RESULT, THE AMOUNT RECORDED WOULD ALWAYS BE**
25 **ZERO**

26 M. BROPHY: Okay. Terrific.

27 And then just one more fairly small set of
28 questions. So there has been -- actually, Elexicon

1 has brought different folks back to the 1-Pollution
2 Probe-5 answer, and I am not going to go through it
3 all, but it deals with some of the comparisons of
4 what you did over the deferred -- deferred rates term
5 compared to this rebasing application and that
6 clarity.

7 And in Pollution Probe-5A, you indicated that
8 Elexicon's legacy distribution environment consists
9 of multiple aging and standalone systems, outdated
10 communication, infrastructure, and basic applications
11 with limited functionality. Early integration of
12 modern digital technologies into legacy system would
13 have required ongoing -- and, you know, it goes on
14 from there.

15 So I think, you know, your point is that over
16 the deferred rebasing term, you had utilities coming
17 together. You know, it is legacy -- the outdated
18 legacy systems, as noted, and you were, you know,
19 making things work in the interim with some
20 investments to make that happen, but not doing an
21 enterprise replacement, and, you know, now this is
22 the proposal for the enterprise replacements in some
23 of those areas that would replace those systems; is
24 that -- do I have that right so far?

25 L. FROST-HUNT: Yes, that is correct, Mr.
26 Brophy. These systems were running on end-of-life
27 operating systems and could no longer operate
28 securely and provide reliable, safe control of the

1 grid.

2 M. BROPHY: Okay.

3 So over the rebasing period, the last eight
4 years, you made investments to try and, you know,
5 keep them afloat and whatever -- I don't even know if
6 you tried any integration or things that were
7 required to try and operate in a more cohesive single
8 utility. So those -- those costs over the eight
9 years, is there -- if those systems get replaced, is
10 there any of those investments that would not be
11 fully depreciated yet? I think for systems, the
12 depreciation term is generally fairly low so --

13 And just to make it easy for you, I will just
14 give you -- the tag-on question is so if there are
15 kind of carry-over undepreciated costs related to
16 those systems and you are going to replace them, how
17 are you planning to treat that over this -- over this
18 new rate term? Would you just write them off, or how
19 would that work?

20 L. FROST-HUNT: Mr. Brophy, at the time of the
21 merger, there was work done to integrate the two
22 utilities on the legacy systems, but those legacy
23 systems were arguably already at end of life. By the
24 time we started the refresh in 2025, those legacy
25 systems were already fully depreciated.

26 M. BROPHY: Okay. So over the eight-year
27 deferred rebasing term, you didn't make any
28 investments, you know, to update or to make the

1 legacy systems work in the new merged utility? You
2 just left them as is; is that what I am hearing?

3 S. VETISIS: Mr. Brophy, could we go to 1-SEC-16.
4 I am looking for page 3 -- I guess 2 or 3. But in
5 Part C, just, you know, in your question, you said
6 that we hadn't made investments.

7 Just to be clear, what is listed here in Part C
8 of this interrogatory are the investments that we
9 made at the time the two utilities merged together to
10 integrate the two systems together. So those are the
11 integration expenses.

12 If you scroll down, you will take a look and you
13 will see that the net book value associated with
14 these investments is almost zero at the time of
15 rebasing. So investment was made for integration,
16 some upgrades as well as the existing cost because of
17 the amount of time for these legacy assets, what
18 would have existed, has also fully depreciated.

19 M. BROPHY: Okay. No, that is helpful. I think
20 that answers my question. And that is all I have.
21 Thank you very much.

22 T. HOBBINS: Okay. Thank you, Mr. Brophy.

23 I think we will take the afternoon break now for
24 15 minutes. So we will return at 3:50.

25 --- Upon recessing at 3:34 p.m.

26 --- Upon resuming at 3:52 p.m.

27 T. HOBBINS: Okay. Let's resume. I think there
28 is just a brief clarification from Mr. Vetsis.

1 S. VETSIS: Yeah, I just wanted to confirm our
2 discussion on Staff-93. I did misspeak. So while
3 Column D of the Excel sheet that is in Staff-93 is a
4 peak load, Columns F through K are, in fact, the
5 billed to kilowatt. So it is the Excel sheet
6 actually for Staff-93.

7 So as I said, yes, the Column D does represent
8 the peak load anticipated at the facility; however,
9 Columns F through K were correctly characterized by
10 Mr. Harper. Those are, in fact, the billing
11 determinants, billed kilowatt that we would
12 anticipate for that customer, and when you sum up the
13 customers mentioned, it should add up to the table.
14 So I just wanted to confirm. Thank you.

15 T. HOBBINS: Okay. Thank you.

16 And I also just have brief clarifications on
17 undertakings for the benefit of the record. So I
18 would like to correct a few of those. The first is
19 Undertaking JT-3.23, which is correct, and it was
20 characterized as:

21 "Advise which of the specific charges in
22 Exhibit 8, Tab 1, Schedule 2 are reflected in
23 accounts 4325 and 4330." (as read)

24 And then there was an erroneous duplication. So
25 the next undertaking should be marked as JT-3.24,
26 which was captured as:

27 "Provide background on the assets contained
28 within response to 1-EP-1." (as read)

1 And then the next undertaking should be JT-3.25,
2 which is an undertaking relating to a clarification
3 from Mr. Brophy on LLRVA.

4 And with that, we can move to OEB Staff. I
5 believe we will be ending -- we will aim to end
6 around 4:50 with OEB Staff's questioning, and then we
7 will pick up tomorrow morning.

8 **CROSS-EXAMINATION BY A. YAN (OEB):**

9 A. YAN: My name is Angela Yan, accounting SME.
10 Regarding to 4-CCC-41, it is an Excel file,
11 Attachment 1. I have follow-up questions on the
12 response to questions from Mr. Gluck yesterday
13 regarding to the pole testing costs.

14 If you look at line 11, maybe more specific, it
15 is cell G11, can you please confirm the amount
16 698,000 is the Written Off of amount for pole-testing
17 cost?

18 Z. ISLAM: The pole-testing costs are shown in
19 line 16 of the Excel file that we are looking at.

20 A. YAN: That means that 1 million, it has been
21 written off entirely in 2025?

22 Z. ISLAM: I do not have the exact split right
23 now. I believe roughly or approximately, \$800,000
24 were written off. So we moved that from our balance
25 sheet to our P&L, and the remaining balance were
26 costs incurred in 2025.

27 A. YAN: So the 1 million includes 800,000
28 written off amount?

1 Z. ISLAM: So it includes the approximately
2 800,000 that we wrote off, yes, correct.

3 A. YAN: So can you confirm the 800,000 was
4 fully capitalized since merger?

5 Z. ISLAM: As I confirmed yesterday, these were
6 costs that were originally capitalized after the
7 merger, and based on our assessment, we have fully
8 written off the costs as of 2025.

9 A. YAN: Thank you.

10 Can you tell, like, what is -- the 800,000, it
11 related to which year or maybe multiple years?

12 Z. ISLAM: It consists of amounts that we have
13 capitalized over multiple years.

14 A. YAN: Can you, like, specify which years and
15 for which rate zone, or is it legacy?

16 Z. ISLAM: So it would have been from 2019 to
17 2024. As I mentioned to CCC, I believe, yesterday,
18 as part of our assessment of the pole replacement
19 program, we initially capitalized some of the
20 assessment and planning work for one-for-one
21 replacement. But upon further review, these were --
22 costs were expensed.

23 A. YAN: Thank you.

24 And for the same -- same question, IR response,
25 can you open the updated 2-BA, the fixed asset
26 continuity schedule. I will give you the reference.
27 It is Excel file, 1-SEC-13, Attachment 1, OEB
28 Appendix 2-AA-AB-113-1, the first one. Yeah, this is

1 the tab.

2 So can you confirm what has been written off --
3 you know, has been also removed from the fixed asset
4 continuity schedule, and also can you point out which
5 line the amounts have been removed from?

6 Z. ISLAM: I can confirm these amounts have been
7 removed from our rate base. So essentially, if we go
8 to Tab BA-2025, if we can scroll up, so these amounts
9 essentially would be netted against the additions
10 column. So initially when we capitalized those
11 costs, they were spread over multiple OEB account
12 categories.

13 In order to remove these costs, what we have
14 done is we have gone back to the original invoices
15 and assessed what is the current depreciation or
16 depreciated value in regards to those capitalization
17 -- or -- excuse me -- in regards to those capitalized
18 amounts, and we have removed those balances from our
19 fixed asset to our P&L.

20 A. YAN: So you mentioned you -- you have -- it
21 has been removed by OEB account USofA. Is it
22 possible you can provide the breakdown by account for
23 the 800,000 written off? Oh, just to -- sorry --
24 just add to that, just by USofA account and also
25 based on the value which add up to the -- like,
26 around 800,000.

27 Z. ISLAM: Sure. We can certainly provide that.
28 And just to correct something, I might have

1 misspoken earlier. Because it has been a while since
2 we had done that processing for removal of those
3 capitalized amounts, we might have just adjusted the
4 pole balances, but we can certainly take an
5 undertaking and provide you the details as to how we
6 came up with those balances and where specifically
7 those adjustments were made.

8 A. YAN: Thank you.

9 T. HOBBINS: That will be Undertaking JT-3.26.

10 **UNDERTAKING JT-3.26: PROVIDE A BREAKDOWN BY USoA**
11 **FOR THE \$800,000 POLE TESTING COST WRITTEN OFF**
12 **INCLUDING WHERE THE ADJUSTMENTS WERE MADE IN**
13 **REGARDS TO 4-CCC-41 ATTACHMENT 1**

14 A. YAN: Can you tell, like, what is the impact
15 on 2027 opening rate base?

16 Z. ISLAM: Sorry. Could you repeat your
17 question, please.

18 A. YAN: For the same -- same amount, like,
19 because you have written off. So what is the impact
20 on 2027 opening rate base? And you confirm it has
21 been removed from rate base. I just want to know --
22 want you to confirm what is the impact.

23 Z. ISLAM: There is no impact on 2027 opening
24 rate base as we have fully removed those costs or
25 capitalized costs.

26 A. YAN: Thank you.

27 Last question about this topic: So as this --
28 it was an error, can you please outline the control

1 currently in place to prevent similar capitalization
2 errors in the future?

3 Z. ISLAM: As I mentioned earlier, in relation
4 to capitalization of these costs, it is not an error.
5 IFRS does allow us to capitalize such costs.
6 However, upon further review of the information in
7 relation to these costs, we were not able to
8 distinctly identify how much was related to the
9 capitalized -- excuse me -- how much was related to
10 the capital replacement program versus the
11 maintenance program. As such, we decided to write
12 off the entirety of the balance.

13 A. YAN: Thank you.

14 Can you go to 2-Staff-83. If you go to Table 1,
15 yeah, right here, Table 1 is the reconciliation
16 between Appendix 2-AB and 2-BA. So if you see the --
17 like, there are two parts. So first one is for the
18 2-AB. The net in-service addition is 42.7 -- 42.7
19 million in 2019 for Elexicon. And according to Table
20 1, it also shows for under 2-BA, it has the exact
21 same amount.

22 Now, can you open appendix -- this Appendix 2 --
23 yeah, can you open 9 -- it is an Excel file -- 9-
24 Staff-170. It is Appendix 2-BA, last cost of
25 service. If you go to the tab for Veridian only, so
26 go to cell E410. So E410 is the total PP&E for rate
27 base purposes, and it shows 2.82 million. If you go
28 up, it does show it is only for January to March

1 2019.

2 Can you provide a full-year 2019 total PP&E for
3 rate base purposes? Actually, it is really just,
4 like, Appendix 2-B. Include a full year, 2019.

5 Z. ISLAM: We can take that undertaking. I
6 believe we had provided it but -- however, I am
7 unable to find the reference right now. But we can
8 take that undertaking.

9 A. YAN: In the same undertaking, is it possible
10 you also include the number for construction work in
11 progress as part of that for 2019?

12 Z. ISLAM: That is part of the Appendix 2-BA?

13 A. YAN: Yes.

14 Z. ISLAM: Yes. We will include everything,
15 yes.

16 A. YAN: Thank you.

17 T. HOBBINS: Okay. So that will be Undertaking
18 JT-3.27.

19 **UNDERTAKING JT-3.27: PROVIDE APPENDIX 2-BA WITH**
20 **FULL-YEAR 2019 TOTAL PP&E FOR RATE BASE PURPOSES**
21 **AND INCLUDE THE NUMBER FOR CONSTRUCTION WORK IN**
22 **PROGRESS, RECONCILING TO 2-STAFF-83, TABLE 1 AND**
23 **APPENDIX 2-AB**

24 Z. ISLAM: And just to clarify, you are looking
25 for a consolidated Appendix 2-BA from January to
26 December for 2019?

27 A. YAN: Just, you know, the -- on Table 2 --
28 Table 1, it shows 42.1 for 2-BA, so it is -- yeah,

1 just, like, you need to -- you need to have, like,
2 the fixed asset continuity to back up this number, so
3 where you get this number from. This is a full year
4 2019.

5 Z. ISLAM: Just to -- just to indicate, like, in
6 relation to 9-Staff-170, we do have on the record the
7 April to December 2019 asset continuity, if we can
8 just go there. And then in the Whitby-only and the
9 Veridian-only tabs, we also have the Jan to March
10 2019 asset continuities.

11 Technically, it is just a summation of all these
12 three individual continuities to come to that
13 balance, but, however, we can take that undertaking
14 and provide an overall January to December continuity
15 to tie to that balance.

16 A. YAN: That would be helpful because then, you
17 know, we need the backup for the 42.7 which it
18 doesn't have right now. Thank you.

19 So if -- can you open, it will be for the same
20 IR response, 2-Staff-83. It is Excel file,
21 Attachment 2. I think you may already have it up.
22 Okay. If you go to -- yeah. If you go to Veridian
23 2-B -- 2-AB, sorry, 2-AB, then if you checked for
24 2019, the 2019 -- for construction work in progress,
25 which is line 25, if you use, like, a -- this is a
26 cumulative number. If you use 26.9 to minus 17.5,
27 you will get 9.42.

28 But if you go back to the PDF, 2-Staff-83, Table

1 1, it shows -- right here, it shows the construction
2 work in progress is 7.32 under 2-AB. It is the one
3 above it. You will see there are two 7.32; one is
4 from 2-AB, one is from 2-BA.

5 But as I show you, when you check 2-AB, the
6 actual number is 9.42. So can you explain, like, why
7 there is a difference?

8 Z. ISLAM: We can address that by means of an
9 undertaking.

10 T. HOBBS: Okay. That will be JT-3.28.

11 **UNDERTAKING JT-3.28: ADVISE WHY THERE IS A**
12 **DIFFERENCE BETWEEN THE CONSTRUCTION WORK IN**
13 **PROGRESS AMOUNT IN 2-AB AND THE ONE IN 2-STAFF-**
14 **83, TABLE 1**

15 A. YAN: Just add to that -- just I note the
16 undertaking before that is also update the
17 construction work in progress for the entire 2019.
18 Can you make sure all the three sources, they match
19 together -- that they reconcile to each other.

20 Can you go to PDF 2-Staff-88, Part E, so page 5,
21 lines 11 to 12. Elexicon updated Appendix 2-D
22 overhead expense, but I don't see any explanation
23 like what -- you know, what is the reason for these
24 changes.

25 Can you walk us through the specific changes
26 made to this appendix including what line items,
27 assumptions, or drivers were revised?

28 Z. ISLAM: If we can open up 2-Staff-88 of the

1 attachment for Appendix 2-D. Elexicon initially
2 filed its application in December 2025. Subsequently
3 we made an update for our system control centre
4 requirements. As a result of that update, there were
5 changes in the labour capitalization or the labour
6 allocation. This update reflects those changes.

7 A. YAN: Thank you.

8 Can you go to PDF -- PDF 6-Staff-147, page 2,
9 lines -- yeah, lines 3 to 7, which is Part A.
10 Elexicon states that it has been in a loss carry
11 forward position since 2022, and the PILs model shows
12 taxes payable in 2030 and 2031 with SR&ED carried
13 forward credits applied in those years to reduce PILs
14 to zero.

15 But at the same time, Elexicon states that it
16 does not anticipate utilizing SR&ED credits with
17 reference to Bill C-15.

18 Can you please confirm the primary driver of the
19 loss carry forward position from 2022 through 2029
20 including whether accelerated CCA or any other tax
21 timing difference is the main contributor factor.

22 Z. ISLAM: The primary drivers related to
23 Elexicon's loss carry forward balance have been noted
24 in Exhibit 1, Tab 4, Schedule 1. If we can go to --
25 if we can quickly pull up that exhibit. So Exhibit
26 1, Tab 4, Schedule 1, page 1.

27 So starting from line 6, I guess all the way to
28 line 12, we have provided a brief overview, the

1 challenges that Elexicon has been experiencing ever
2 since its merger and right after COVID-19.

3 Elexicon has experienced significant growth
4 which has resulted in Elexicon investing a
5 significant amount of funds in its capital assets as
6 well as there have been additional business
7 requirements in terms of cybersecurity, security,
8 cloud computing initiatives, the inflationary
9 pressures we have experienced which are all noted in
10 this exhibit. Additionally, we have gone on to
11 explain in detail the -- challenges in the following
12 pages.

13 So as you can understand, there has been a
14 mismatch between the costs the utility has been
15 incurring and the revenues it has been obtaining
16 through its distribution rates resulting or driving
17 its loss carry forward balances.

18 A. YAN: Thank you.

19 Can you also clarify whether SR&ED credits have
20 been applied in the PILs model for 2030 and 2031,
21 resulting in zero PILs, given that this appears
22 inconsistent with the scenario you provided in our
23 response.

24 Z. ISLAM: Excuse me, can you repeat your
25 question, please.

26 A. YAN: In our response, you -- at the
27 beginning, you said SR&ED credit has -- like, you
28 know, have been applied to -- which is line -- yeah,

1 yeah, line 4 and 5, applied in test year resulting in
2 zero. But then later on, you say is not anticipating
3 using these credit in the PILs model.

4 So just want to confirm with you, like, this has
5 been entered in the PILs model to reduce the PILs --
6 to zero out the PILs for 2030 and 2031?

7 Z. ISLAM: If we can just go back to that PDF
8 response, please.

9 So when Elexicon filed its application in
10 December 2025, Bill C-15 had not still come into
11 effect. So at that point in time, based on our PILs
12 calculations, we did have to apply the SR&ED credits
13 in the latter years; however, if I recall correctly,
14 sometime in April or May of this year, Bill C-15 came
15 into law. So it received assent.

16 As a result of Bill C-15, we were -- we have
17 updated our PILs calculation to reflect the
18 accelerated CCA deductions all the way through 2031,
19 and as a consequence of that, we are no longer using
20 our SR&ED credits, at least in this rate period. The
21 SR&ED credits would be carried forward into our next
22 rebasings application.

23 A. YAN: Just make sure, like, we are on the
24 same page. So the SR&ED credit was including the
25 PILs model before Bill C-15 came out?

26 Z. ISLAM: That is correct, yes.

27 A. YAN: Thank you.

28 Can you please identify the specific provisions

1 or criteria under Bill C-15 that support this
2 assumption that SR&ED credits are not expected to be
3 utilized?

4 Z. ISLAM: To the best of my knowledge, tax
5 regulations require us to use our tax carry forward
6 losses first before any provision related to tax
7 credits being applied.

8 A. YAN: Can you take this as an undertaking to
9 double-check, make sure there is a provision included
10 in the Bill C-15 about that?

11 Z. ISLAM: We can take an undertaking. We can
12 take an undertaking and provide you the specific
13 reference as to where these regulations are noted in
14 regards to what needs to be claimed as per the tax
15 requirements.

16 T. HOBBINS: Okay. That is JT-3.29.

17 A. YAN: Thank you.

18 **UNDERTAKING JT-3.29: PROVIDE THE SPECIFIC**
19 **REFERENCE AS TO WHERE THESE REGULATIONS ARE**
20 **NOTED IN REGARDS TO THE SR&ED CREDITS ARE NOT**
21 **EXPECTED TO BE UTILIZED AS PER THE BILL C-15**

22 A. YAN: Last question for this SR&ED credits.
23 You said it was applied in the PILs model in pre-
24 filed evidence. Can you just show us where it has
25 been removed in the updated PILs model?

26 Z. ISLAM: If we can go to 6-SEC-88, the Excel
27 attachment. If we can scroll down to 2031. So, yes,
28 the first tab.

1 As you can note in this tab, there are no
2 application of tax credits. In the previous version
3 of the PILs model, you will note some adjustments
4 related to the SR&ED and the other credits.

5 A. YAN: Is it cell J21 you are talking about?

6 Z. ISLAM: So it would be -- I can't recall
7 specifically which lines those credits go to, but it
8 would be '21 and '22.

9 A. YAN: Thank you.

10 Can you -- I will move on to my next question,
11 but this -- can you stay here at PILs model. The
12 question is about PILs model. Can you go to Tab H4,
13 Schedule 4, loss carry forward history.

14 D. COBAN: Can we just have that reference one
15 more time, please.

16 A. YAN: It is H4, Schedule 4, loss carry
17 forward. Yeah, this is the one, yeah.

18 So the PILs model indicates that non-
19 distribution portion loss carry forward balance of 12
20 million in cell G14. If you don't mind just show the
21 comment at the cell. The comment of the cell notes -
22 - yeah. It shows this amount relates to the T2,
23 Schedule 1, deduction for deferred expenditures
24 associated with cloud Dx NEXT as at December 31st,
25 2021.

26 Can you please provide the supporting
27 calculation for this amount with a formula redacted
28 along with the final 2025 corporate income tax

1 return?

2 Z. ISLAM: To respond to your question, we did
3 provide a reconciliation in 6-Staff-149 in relation
4 to the Dx NEXT deduction that reconcile to the
5 previous version of the PILs model. So we can take
6 an undertaking to provide the same in relation to the
7 updated version.

8 A. YAN: Okay. Can you also provide the 2025
9 corporate income tax return, the final one?

10 Z. ISLAM: The 2025 corporate income tax return
11 has not yet been filed. We are expecting to file
12 that by June 30th.

13 A. YAN: Then can you file the final tax return
14 for the settlement conference?

15 Z. ISLAM: Yes, we can certainly do that.

16 T. HOBBINS: Okay. That will be Undertaking JT-
17 3.30.

18 **UNDERTAKING JT-3.30: PROVIDE A SUPPORTING**
19 **SCHEDULE THAT SHOWS ALL INPUTS, ASSUMPTIONS, AND**
20 **CALCULATIONS WITH THE FORMULAS REDACTED FOR NON-**
21 **DISTRIBUTION LOSS CARRYFORWARD BALANCE OF**
22 **\$12,403,321 IN RELATION TO THE DX NEXT**
23 **DEDUCTION, AND FILE THE FINAL 2025 CORPORATE**
24 **INCOME TAX RETURN FOR THE SETTLEMENT CONFERENCE**

25 A. YAN: Can you go to Tab B4, Schedule 4, loss
26 carry forward. In cell G15, it shows a balance of 30
27 million with -- if you can just show everybody the
28 comment.

1 So the comment indicating there are two numbers.
2 So the 10 million is for loss carry forward
3 associated with the cloud, and then the 19 million is
4 the difference between AIIP and non-AIIP CPA from
5 2018 to 2026.

6 Can you please provide detailed supporting
7 calculation for each component of these two numbers?
8 And the supporting schedule should clearly show all
9 inputs and assumptions and calculations -- with the
10 formulas redacted and reconciled to the amounts
11 included in the PILs model.

12 Z. ISLAM: In regards to the 10.7 million that
13 is related to Dx NEXT, that piece will be part of the
14 previous undertaking that was taken.

15 In regards to the 19.7 million, we can provide
16 the calculation that provides how we came up with
17 that value.

18 A. YAN: Just to clarify, the prior undertaking,
19 you are going to include for both 2025 and 2026?

20 Z. ISLAM: For the cloud computing, yes, we will
21 show all the PILs deductions related to the cloud
22 computing project, yes.

23 T. HOBBINS: So we have another undertaking.
24 That is JT-3.31.

25 **UNDERTAKING JT-3.31: PROVIDE DETAILED SUPPORTING**
26 **CALCULATION FOR EACH COMPONENT OF THE TWO**
27 **NUMBERS NOTED IN THE COMMENT AT CELL G15 ON TAB**
28 **B4, SCHEDULE 4 AND PROVIDE A SUPPORTING SCHEDULE**

1 **THAT SHOWS ALL INPUTS, ASSUMPTIONS, AND**
2 **CALCULATIONS WITH THE FORMULAS REDACTED AND**
3 **RECONCILED TO THE AMOUNTS INCLUDED IN THE PILS**
4 **MODEL**

5 A. YAN: Can you go to Tab T8, 2027, Schedule 8,
6 CCA. If you scroll down to line 33, cell G33.

7 So Elexicon has included 1.5 million of
8 immediate expensing for Class 50 in IR response which
9 was not reflected in the pre-filed evidence. Can you
10 please confirm if this change is due to the element
11 of Bill C-15?

12 Z. ISLAM: That would be correct. All elements
13 in 2026 to 2031 have been updated as a result of Bill
14 C-15.

15 A. YAN: Thank you.

16 Can you clarify whether the 1.15 million of
17 immediate expensing fully relates to Class 50 assets
18 or whether Elexicon has elected to allocate 100
19 percent of the available amount specifically to Class
20 50?

21 Z. ISLAM: I have to take that away as an
22 undertaking and provide my response.

23 T. HOBBINS: That will be JT-3.32.

24 **UNDERTAKING JT-3.32: CLARIFY WHETHER THE 1.15**
25 **MILLION OF IMMEDIATE EXPENSING FULLY RELATES TO**
26 **CLASS 50 ASSETS OR WHETHER ELEXICON HAS ELECTED**
27 **TO ALLOCATE 100 PERCENT OF THE AVAILABLE AMOUNT**
28 **SPECIFICALLY TO CLASS 50**

1 A. YAN: Can you now go back to the PDF 6-Staff-
2 148, page 2, line 24 to 26.

3 Elexicon stated that with respect to non-
4 regulated activities, Elexicon has installed solar
5 panels on its two office buildings and is a
6 participant in two joint venture operations. The
7 income from these non-regulated activities are
8 negligible.

9 Can you please confirm the taxable income used
10 to calculate the PILs excludes non-regulated
11 activities?

12 Z. ISLAM: I have to take that away as an
13 undertaking. As you can note from Table 1, they are
14 very minimal. I cannot specifically recall at this
15 point in time how they were treated for the purposes
16 of calculating PILs. But we can provide that
17 response through an undertaking.

18 T. HOBBINS: That will be JT-3.33.

19 **UNDERTAKING JT-3.33: CONFIRM THE TAXABLE INCOME**
20 **USED TO CALCULATE THE PILS EXCLUDES NON-**
21 **REGULATED ACTIVITIES**

22 A. YAN: Thank you.

23 Can you go to 9-Staff-149. Page 2, lines 21 to
24 23.

25 Elexicon states the forecast spending of 15.64
26 million in 2025 and 6.87 million in 2026 related to
27 cloud computing which are treated as OM&A from a tax
28 purposes as they are considered a tax deduction in

1 the tax return.

2 Can you please clarify which items in Schedule
3 1, the PILs model for historical 2025, bridge 2026,
4 reflect these two amounts as rate deductions?

5 Z. ISLAM: Can you repeat your question again,
6 please.

7 A. YAN: Can you clarify, like, which items in
8 Schedule 1, the PILs model for historical and bridge
9 years, reflect these two amounts as deductions?
10 Because you said this -- this is a tax deduction for
11 tax purposes, these two amounts, so how -- like,
12 where do you show in PILs model?

13 Z. ISLAM: They are part of our net income. So
14 the starting balance, our IFRS net income, includes
15 those expenses as OM&A.

16 A. YAN: Just to confirm, so you don't -- you
17 didn't include as addition -- you know, Schedule 1
18 there is a section for deductions. If you don't
19 mind, just maybe open 1-SEC-13, the tax model, the
20 PILs model again. Yeah. Go to Schedule 1, the
21 bridge -- yeah, like, the -- you can try B1, Schedule
22 1. So it is part of the line 8. It is not part of
23 deductions below -- you know, below starting from
24 line 10.

25 Z. ISLAM: Just to clarify, you are seeking to
26 understand where exactly we took those deductions?

27 A. YAN: Yes.

28 Z. ISLAM: We can provide our response by means

1 of an undertaking for that -- for this one.

2 T. HOBBINS: That is Undertaking JT-3.34.

3 **UNDERTAKING JT-3.34: CLARIFY WHICH ITEMS IN**
4 **SCHEDULE 1, THE PILS MODEL FOR HISTORICAL AND**
5 **BRIDGE YEARS, REFLECT THE TWO AMOUNTS AT 9-**
6 **STAFF-149, PAGE 2, LINES 21 TO 23 AS DEDUCTIONS**

7 A. YAN: Thank you.

8 Can you go to PDF 9-Staff-168, page 2, Part A,
9 lines 22 to 25. So Elexicon states that the amount
10 reported in 2-JC as a DVA adjustment is presented on
11 an aggregated basis and includes both the GOCA and
12 also the -- like, a co-responding other revenue
13 adjustment.

14 So can you please provide a detailed annual
15 breakdown that clearly separates the GOCA adjustment
16 from the corresponding other revenue adjustment?

17 Z. ISLAM: So in relation to GOCA, we have
18 followed the OEB accounting order which states that
19 the locates amounts that are embedded in rates should
20 be treated as other revenue. So just to clarify
21 exactly what you are looking for.

22 A. YAN: If you open Excel file 2-JC, it is 1-
23 SEC-13, Attachment 3. And then go to Tab 2-JC --
24 Appendix 2-JC. If you go to line 46, 47, so there is
25 a DVA adjustment. And then if you look at line 47,
26 there is a 1.5 million in 2020 -- can you go up -- I
27 think it is 2023. Go up a little bit to see the
28 heading. 2023, yeah.

1 Just for this one, like you said, it is an
2 aggregate number of GOCA and other revenue
3 adjustment. Can you break it down to provide us a
4 number for GOCA adjustment and also for other revenue
5 adjustment?

6 Z. ISLAM: So if we can scroll down to Table 1
7 of 9-Staff-168. So in this table, we are noting down
8 the amount that we have in base rates related to
9 locates, which is your Reference 3. So that will be
10 the amount specifically for GOCA.

11 A. YAN: I read about this at the note for Note
12 3. So it says the amount there is presented --
13 presented in aggregate for both adjustments. It is
14 not only for GOCA.

15 Z. ISLAM: Sorry. Just a -- just a correction,
16 the 1.57, the 1.887, the 2.2, they are all actually
17 just locate costs, which includes both Bill 93 and
18 non-Bill 93 related costs. However, we can take an
19 undertaking and just explain how this -- this overall
20 costs reconcile in relation to, you know, what is
21 Bill 93 and how we are treating that in Appendix 2-
22 JC.

23 T. HOBBS: Okay. That will be Undertaking JT-
24 3.35.

25 **UNDERTAKING JT-3.35: PROVIDE A DETAILED ANNUAL**
26 **BREAKDOWN CLEARLY SEPARATES THE GOCA ADJUSTMENT**
27 **FROM THE CORRESPONDING OTHER REVENUE ADJUSTMENT,**
28 **INCLUDES THE FULL CALCULATIONS WITH FORMULAS**

1 **REDACTED SUPPORTING EACH COMPONENT ALONG WITH**
2 **ALL UNDERLYING ASSUMPTIONS**

3 A. YAN: Thank you.

4 Can you move to PDF 9-Staff-190, Part C, at page
5 4. It is lines 1 to 2. So for the purpose of the
6 cost assessment disposition request, Elexicon has
7 recalculated the account balance using base amounts
8 that have been escalated by OEB-approved IPIs less
9 stretch factor in their 2026 IRM application.

10 So can you please explain -- this amount, like,
11 has been reversed in 2027 DVA continuity schedule as
12 a principal adjustment. Just to make sure everybody
13 knows what the amount is about, can you open the DVA
14 continuity schedule, which is reference 9-Staff-182,
15 Attachment 2, DVA continuity schedule.

16 If you go to Tab 2-BCS, Group 2, continuity
17 schedule Group 2. Yeah, go to cell BF62. Cell BF62.
18 Oh, you opened the wrong one. It should be
19 Attachment 2. You opened Attachment 1. BF62. You
20 see there is an adjustment -- principal adjustment of
21 295,000.

22 Can you open another Excel file. It is referred
23 in our response, which is the 2026 Group 2 -- sorry -
24 - 2026 IRM application. There is a Group 2
25 continuity schedule.

26 D. COBAN: We don't have those materials with
27 us.

28 A. YAN: Okay.

1 Since it is close -- already 4:50, I can resume
2 tomorrow. If -- in the meantime, if you can find the
3 file and then present tomorrow, then we can continue.

4 D. COBAN: Can we just have that reference one
5 more time, please?

6 A. YAN: Yeah, sure. It is -- it has been filed
7 for 2026 IRM application, and the file name is "Group
8 2 Continuity Schedule, Two-Year," and the date was
9 January the 26th, 2026.

10 **UNDERTAKING JT-3.36: EXPLAIN WHY ALL THE THREE**
11 **RECALCULATED AMOUNTS IN 2026 IRM APPLICATION**
12 **WERE REVERSED IN 2027 REBASING IN THE YEAR OF**
13 **2025 AS PRINCIPAL ADJUSTMENTS ON DVA CONTINUITY**
14 **SCHEDULE FOR BOTH WRZ AND VRZ, INCLUDES \$295,632**
15 **IN CELL BF62 IN 9-STAFF-183 ATTACHMENT 2 DVA**
16 **CONTINUITY SCHEDULE AND \$148,929 IN CELL BF63**
17 **AND \$10,338 IN CELL BF64 IN 9-STAFF-183**
18 **ATTACHMENT 3 DVA CONTINUITY SCHEDULE**

19 D. COBAN: Thank you.

20 A. YAN: No problem.

21 T. HOBBS: Okay. So that will conclude the
22 technical conference for today. We will see you all
23 again here tomorrow morning at 9:30.

24 --- Whereupon the proceeding adjourned at 4:50
25 p.m. to resume Thursday, June 25, 2026, at
26 9:30 a.m.