



ONTARIO ENERGY BOARD

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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 Thursday, June 25, 2026, commencing at 9:30 a.m.

VOLUME 4

A P P E A R A N C E S

TOBIAS HOBBS	Ontario Energy Board
VITHOOSHAN GANESANATHAN	
BIRGIT ARMSTRONG	
PETAR PRAZIC	
ANDREW FRANK	
ANGELA YAN	
ZENAN AHMED	
SERENA JIA	
LIZZIE ZHANG	
ALEXANDER DI LIIO	
TIARA FEARON	
DALIANA COBAN	Ellexicon Energy Inc.
ERIN STEVENS	
STEPHEN VETIS	Panel 2
BRAD WALKER	
ZUBAIR ISLAM	
KRISTON ROMANO	
LINCOLN FROST-HUNT	
ANDREW BLAIR	Panel 3
STEPHEN VETIS	
CLEMENT LI	Building Owners and Managers Association (BOMA)
TOM LADANYI	Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) & Energy Probe
LAWRIE GLUCK	Consumers Council of Canada (CCC)
MICHAEL BROPHY	Pollution Probe
MARK RUBENSTEIN	School Energy Coalition (SEC)
JANE SCOTT	
DANIEL VOLLMER	Distribution Resource Coalition (DRC)
MARK GARNER	Vulnerable Energy Consumers

A P P E A R A N C E S

BILL HARPER	Coalition (VECC)
MICHAEL MCLEOD	Quinte Manufacturers Association
BAYU KIDANE	Power Workers' Union
SLADJANA KRLJANAC	

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1 Thursday, June 25, 2026

2 --- Upon resuming at 9:30 a.m.

3 T. HOBBINS: Okay. Good morning, everyone, and
4 welcome to day 4 of the technical conference for
5 Elexicon Energy's 2027 cost of service application.
6 That is EB-2025-0312.

7 Before we get started, I have some good news and
8 bad news. The good news is that if we stick to our
9 schedule, we will be done around 4:00 p.m. The bad
10 news is that we have had some difficulty sticking to
11 our schedule. So I am going to be interjecting once
12 each person has completed their time. We have about
13 10 minutes of buffer time per person. But, you know,
14 seeing as this is the last day of the conference, we
15 want to try to keep it as efficient as possible.

16 But apart from that, I think we can get started.
17 I think Ms. Coban has a preliminary matter to
18 discuss.

19 **PRELIMINARY MATTERS**

20 D. COBAN: Yes, good morning. Just two
21 preliminary matters.

22 The first is we would like to mark as an
23 undertaking certain questions that we received from
24 Staff. I think these questions were directed towards
25 Panel 3. So we will deal with those in writing in
26 the interest of getting through the schedule today.
27 If we can mark those as an undertaking, please.

28 T. HOBBINS: Okay. That will be Undertaking JT-

1 4.1.

2 D. COBAN: Thank you.

3 **UNDERTAKING JT-4.1: PROVIDE ANSWERS IN WRITING**
4 **TO THE QUESTIONS FROM STAFF DIRECTED TOWARDS**
5 **PANEL 3**

6 D. COBAN: And then Mr. Vetsis would like to
7 provide a clarification following his exchange with
8 Mr. Ladanyi yesterday regarding the grid
9 modernization investment plan.

10 S. VETISIS: Good morning. Am I coming through?

11 In reviewing the transcript -- in reviewing the
12 transcript last night, I was reflecting on the
13 exchange with Mr. Ladanyi regarding the discussion of
14 what the board saw regarding grid modernization.

15 And while the description of everything that
16 they saw that I provided was fully accurate, upon
17 reflection, I thought it might actually be more
18 helpful to show what it is that they saw so that we
19 wouldn't leave it to speculation. And so we would
20 like to undertake to provide the walkthrough of the
21 draft investment plan that our board saw so that Mr.
22 Ladanyi can have full line of sight in terms of the
23 grid modernization investments and what they would
24 have been shown to the board.

25 T. HOBBINS: Okay. We will mark that as an
26 undertaking, JT-4.2.

27 D. COBAN: Thank you.

28 **UNDERTAKING JT-4.2: PROVIDE A WALKTHROUGH OF THE**

1 **DRAFT INVESTMENT PLAN THE BOARD SAW TO SHOW A**
2 **FULL LINE OF SIGHT IN TERMS OF THE GRID**
3 **MODERNIZATION INVESTMENTS**

4 T. HOBBINS: And up first, we have OEB Staff.

5 M. RUBENSTEIN: I was wondering if I could just
6 raise a preliminary matter.

7 T. HOBBINS: Sure.

8 M. RUBENSTEIN: Yesterday -- I had some
9 discussion with OEB Staff yesterday. Yesterday I
10 asked -- and it is noted as Undertaking J-3.20 --
11 that Elexicon ask Mr. Fenrick to provide a revised
12 version of his benchmarking results in the table as
13 shown in his results reflecting the inclusion of the
14 Dx NEXT implementation costs, both how the company --
15 how the company is incurring it and then also -- so
16 the 2025 to 2027 costs -- and then as well as how the
17 company is looking to recover the amount, so the
18 incremental \$4.7 million beginning in 2025 -- sorry,
19 2027, as well as to include the -- in that -- in each
20 of those analyses, the grid centre costs that were
21 added in Exhibit 10.

22 And I had some discussion with Staff yesterday
23 to ask them if they could essentially ask PEG to do
24 the exact same thing so we have the same analysis
25 done. And I was wondering if that could be
26 confirmed, that PEG would essentially do the same
27 version of JT-3.20 with its analysis so that we can
28 have a true comparison between that.

1 And if that is -- in my understanding, Staff has
2 agreed. And so I presume the best way is to mark it
3 as an undertaking, but it is an undertaking for
4 Staff, not the company.

5 B. ARMSTRONG: Yes, we certainly agree to put
6 that in front of PEG and ask them to do that
7 calculation.

8 T. HOBBINS: Okay. Just so we don't lose track
9 of that, I will mark it as an undertaking. But that
10 is unusual. But okay. Is that all, Mr. Rubenstein?

11 M. RUBENSTEIN: Yes, it is. Thank you very
12 much.

13 D. COBAN: Should we give that a number?

14 T. HOBBINS: Yes, sorry. It is JT-4.3.

15 **UNDERTAKING JT-4.3: HAVE STAFF ASK PEG TO**
16 **PROVIDE THE SAME VERSION OF UNDERTAKING JT-3.20**
17 **REGARDING THEIR OWN ANALYSES**

18 T. HOBBINS: Okay. So it is over to OEB Staff.

19 **CROSS-EXAMINATION BY A. YAN (OEB):**

20 A. YAN: Good morning, Panel. Since 9-Staff-190
21 has been taken as an undertaking, so I will move to
22 9-Staff-172.

23 So OEB Staff notes that the application includes
24 Account 1508's designated broad band project impacts
25 deferral account has no recorded balances or
26 activities during the historical bridge or test year
27 periods. But it was proposed to remain open beyond
28 the rebasing date.

1 In your response, Elexicon has indicated that
2 there is no requirement to discontinue the account at
3 rebasings, and it is reasonable to retain the account.
4 And also referring to Account 1592, accelerated CCA,
5 which have been maintained beyond their anticipated
6 use only to prove require in the future.

7 But as you know, Bill C-15 has been in place
8 since May this year, so Account 1592 is not really
9 applicable to -- it is not really applicable to -- to
10 this case.

11 So can you please explain why you want to remain
12 the account open even there is no activities at all
13 in the past for -- also for bridge year and test
14 year.

15 Z. ISLAM: I will answer -- I will respond to
16 the question on Account 1592 first.

17 In regards to Account 1592, the purpose of that
18 account is to capture the differences in tax that is
19 embedded in our rates versus any differences that
20 arise as a result of new tax legislation that might
21 be -- that might come into effect or into law during
22 our rebasing period. As a result, we are proposing
23 to keep that account open.

24 S. VETISIS: Just with respect to the broad band
25 account, this account is related to, you know,
26 projects that are driven by external parties. While
27 we don't have -- are not aware of any projects at
28 this time, they may materialize over the period.

1 Ultimately, the enablement of broad band is a
2 policy priority of government. Maintaining the
3 account ensures that Elexicon can continue to support
4 those policy priorities should any of these projects
5 materialize and -- from -- you know, they can be
6 material in nature.

7 A. YAN: Thank you. Can you go to PDF 9-Staff-
8 179, page 2, lines 8 to 13.

9 Here we can see it says:

10 "On review of the draft accounting order,
11 Elexicon notes an error in the demand-related
12 variance account regarding to the disposition
13 timing." (as read)

14 So if you open -- it's a attachment but it is
15 also PDF. It is 9-Staff-173, Attachment 2, page 1,
16 draft accounting order, lines 23 to 24. And here it
17 says:

18 "Elexicon will bring forward the -- sorry --
19 the account for disposition at its next cost of
20 service application." (as read)

21 Which is not consistent as your response to 9-
22 Staff-179. You said there it should be -- the
23 disposition timing, it should be in a future
24 proceeding; is that correct?

25 S. VETSI: We acknowledge that the wording here
26 should say "future application" rather than "at the
27 next cost of service application."

28 A. YAN: Thank you. Now, can you go to PDF 9-

1 Staff-191, Part A, page 2, lines 3 to 10.

2 Before we look at here, I think it is a better
3 idea also open -- it is reading on one file. Okay.
4 We can go here first.

5 So we can see from line 3 to 10 your response
6 saying the demand for LEAP funding has increased
7 since the establishment of deferral account in 2024,
8 and you explained why -- sorry.

9 So here you also refer to a response to 4-Staff-
10 123. You like -- so you give the reason, like, why
11 you think it is appropriate to continue the account.

12 So now if you can go to 4-Staff-123, Table 1,
13 you will see there is a line for LEAP. And in 2025
14 you mention the amount of \$389,000 is actual, which
15 is higher than 2026 and onwards forecast. So given
16 the LEAP funding has been already forecasted and
17 included in the rates -- in rates -- and, as I said,
18 like, 2025 actual amounts exist -- existing forecast,
19 can you explain why it would not be more appropriate
20 to update a forecast to reflect a higher expected
21 demand and discontinue the deferral accounts at
22 rebasing?

23 S. VETSI: We acknowledge that the actuals for
24 2025 did come in higher than what is forecast in the
25 application. You know, the reality is that there has
26 been significant change in the demand over a very
27 short period of two years. We went from -- we look
28 at roughly, I believe, 90K in '23, up to \$240,000 in

1 '24, to the actual value of \$389,000 in a very short
2 period of time.

3 I think when you take a look, what I -- what
4 that shows to me is a few things. One, it's just a
5 very significant change that makes it difficult to
6 forecast accurately in the future, and so the
7 variance account helps with that aspect given the
8 uncertainty.

9 And then I think the other aspect, as well, is
10 just being mindful of the purpose of the account,
11 right. At the end of the day, this is about
12 providing assistance to the customers that need it
13 the most in Elexicon's service territory.

14 The changes to the OEB policy have indicated
15 that what they want us to do is to not turn away any
16 customer in need. And so what this deferral account
17 does is it aligns, actually, with that objective. So
18 we have -- we put in a reasonable forecast in the
19 future. Keeping the variance account will allow us
20 to track for any differences, and it ensures we have
21 the resources available to help those customers that
22 need it.

23 A. YAN: As you are aware of the increased
24 demand for the LEAP funding, and you also have the
25 actual for 2025. So are you considering to re-
26 forecast the amount for 2026 to 2031? So the amount
27 -- the impact you want delayed to future?

28 S. VETISIS: Our view is that provided that the

1 variance account is approved, there is no need to
2 update this -- the forecast at this time as it would
3 not result in a material change to rates. And,
4 again, as I stated earlier, there are many valid
5 reasons for maintaining the account going forward.

6 A. YAN: Thank you. That is all my questions
7 for Panel 2.

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

9 V. GANESANATHAN: Good morning, Panel. Thanks
10 for coming back a third day. I appreciate you
11 addressing some of our questions. Newer to the
12 industry, so I hope to get some clarity on some areas
13 I am trying to understand.

14 Can you please bring up 2-Staff-83, Attachment
15 1. It is related to in-service additions for Whitby
16 Hydro and Veridian Connections. So it is an
17 attachment -- it's Excel file Attachment 1, please.

18 Staff wants to thank Elexicon for providing this
19 information. Staff found it very helpful.

20 First question relates to reactive capital. So
21 on the "Veridian" tab, row 19, you will see that
22 reactive capital, which is on row 19, from 2014,
23 decreases from 2.93 and gradually decreases to 1.77
24 in 2018. And then if you go to Whitby -- sorry, my
25 apologies. Would you go back to the "Veridian" tab.

26 Then you see the spike in 3.45 in 2019 for
27 Elexicon in that same row. I assume it has some
28 relation to do with 2019 being a partial year for

1 Elexicon with regard to the spike?

2 Z. ISLAM: The 3.45 is a full-year value. As
3 you can see on the top, it is marked as "Elexicon,"
4 so it is a full year for Elexicon.

5 V. GANESANATHAN: Okay. Then, in that case,
6 would you be able to explain from 2014 to 2018 prior
7 to Elexicon coming on board, it's gradually
8 decreasing, but then in 2019, it increases to 3.45?
9 Would you be able to just kind of walk us through
10 what drove that spike?

11 S. VETISIS: The reactive program is -- it's --
12 you know, it's -- it's a -- tends to be a variable
13 program in nature, right. It is driven by failures
14 that occur in the field, you know, vehicular
15 accidents, storm events. So there can be inherent
16 variability year over year.

17 I can't speak specifically to 2019; however, you
18 know, the increase in the -- you know, that increase
19 in 2019 does align with the broader trend that
20 Elexicon has been experiencing as a utility. Right.

21 We have been seeing a greater degree of -- since
22 merger of outages due to defective equipment. And so
23 when asset failures occur, that is a reactive
24 replacement. And so this kind of, to me, aligns with
25 the start of that trend that we have been seeing as a
26 utility whereby as the condition of our assets is
27 starting to show its impact through these failures,
28 the reactive spend is starting to increase over time.

1 And I think if you follow the trend as a
2 combined utility from 2020 onwards, you would see
3 that trend in the reactive spend.

4 V. GANESANATHAN: Fair enough. Would you be
5 able to undertake just to break down what that
6 reactive capital spend was allocated to? Just
7 because although it aligns with the narrative that
8 deteriorating assets need replacement and so forth,
9 it just -- I found it interesting that just on the
10 first year that Elexicon is coming on board, there is
11 a spike in reactive capital which doesn't align with
12 the historical of the predecessors.

13 S. VETISIS: I wouldn't agree with that
14 characterization. I mean, you know, in 2014, 2015,
15 2016, utility spent \$3 million a year. I wouldn't
16 necessarily qualify a \$500,000 variance on that kind
17 of a trend as a -- as a huge spike. To me, that is
18 in line with some of the years that I do -- I
19 acknowledge it is a little bit higher, but it is not
20 out of the realm of reasonable given those historical
21 years.

22 I also, just for context, you know, just -- want
23 to just acknowledge, we have provided this level of
24 history on a best-efforts basis. Like, we have
25 provided -- this is way more historical data than any
26 utility has ever provided. And when I say "best-
27 efforts basis," I just want to be clear there are
28 limitations on the granularity of information that

1 exists with the legacy systems. And so I will just
2 put that out there as caution as we go through these
3 discussions.

4 V. GANESANATHAN: Thank you. Let's move on to
5 the next question. So on the same spreadsheet, if we
6 go to "Veridian" tab -- I guess we are on that right
7 now -- row 16. So similar question regarding the
8 substation.

9 So if we look at -- so I guess it is an addition
10 of, one, the "Veridian" tab and the "Whitby" tab. So
11 if you look at cell F18 -- sorry, 16, apologies, and
12 if you add that with -- and go to "Whitby" tab,
13 please -- add about 0.14 on cell I16. So you get
14 roughly 3.13 million. And then in 2019, there is a
15 spike to 9.32 million for substation renewal. If you
16 are able to walk us through just why that spike
17 happened would be helpful.

18 S. VETSI: I can't walk you through a specific
19 project, like, the level of granularity that you are
20 talking about. But, generally speaking, you know,
21 these substation renewal projects, they can vary
22 quite a bit in scope, right. It could be a
23 replacement of one or two assets in a facility or a
24 more large-scale replacement.

25 I think we heard Panel 1 talking about the
26 strategy going forward for the need for station
27 replacements, right. So my suspicion would be that
28 the bump that you see is just a level of investment

1 in station assets that were at end of life and
2 required replacement that was just greater scope
3 relative to prior years.

4 V. GANESANATHAN: Are you able to undertake to
5 provide a project-by-project breakdown of what that
6 9.32 million is, please?

7 S. VETISIS: We will do so on a best-efforts
8 basis. As I mentioned earlier, you know, like,
9 historical records do have some limitations.

10 V. GANESANATHAN: Thank you. I appreciate that.

11 T. HOBBINS: So I believe we have an undertaking
12 there. That is JT-4.4. I am not clear about whether
13 or not there was an undertaking previously on -- in
14 relation to some --

15 S. VETISIS: I thought we had concluded that
16 there was not an undertaking.

17 V. GANESANATHAN: I am okay with the undertaking
18 just on the system renewal on substation.

19 T. HOBBINS: Okay. So that is JT-4.4.

20 **UNDERTAKING JT-4.4: PROVIDE A PROJECT-BY-PROJECT**
21 **BREAKDOWN OF WHAT THE 9.32 MILLION IS IN**
22 **RELATION TO SUBSTATION RENEWAL**

23 V. GANESANATHAN: Okay. Moving on. I am just
24 trying to better understand the internal management
25 process for capital project prioritization. Could
26 you just walk through at a high level of how that
27 works?

28 S. VETISIS: I think you are getting into Panel 1

1 territory here. I heard Mr. Sheehy talking a little
2 bit about that a couple of days ago. I don't know
3 that I would -- what I would be able to add beyond
4 what he already stated.

5 V. GANESANATHAN: Okay.

6 Can I ask you some pointed questions just to
7 confirm if my understanding is correct? Yeah. So
8 would you agree that the capital plan includes
9 projects of differing priority?

10 D. COBAN: I am going to -- I am going to jump
11 in. I am just not sure that this is going to be a
12 good use of our time if the questions are really
13 meant to speak to the capital projects and
14 prioritization process.

15 So I am wondering if we can be more helpful to
16 you with an undertaking. I just want to make sure
17 that, you know, we are using the time well here and
18 also in fairness to the witnesses who are not
19 prepared to speak to those topics.

20 V. GANESANATHAN: Fair enough. Fair enough. I
21 guess just there is some overlap which I am not
22 completely appreciating perhaps but --

23 D. COBAN: Totally understandable given the size
24 of the record.

25 V. GANESANATHAN: So I will ask a more specific
26 question. This is on DVAs, and I understand that
27 this group is handling the DVAs? Right. So it does
28 relate to DVAs.

1 So I am just trying to connect capital
2 prioritization with how prioritization, if any,
3 happens within the capital in-service variance
4 account, right.

5 So what I am trying to really get at is you have
6 projects of varying priority, and I am just not sure
7 if the current structure of the capital in-service
8 variance account provides full protection to the
9 ratepayers, and I am just trying to understand that
10 really.

11 So with that context, can you please point me to
12 a feature within this capital in-service variance
13 account that you are proposing that would prevent
14 advancement of lower-priority projects with higher-
15 priority projects where doing so on a cumulative
16 capital spending basis would bring you closer to your
17 forecast amount and prevent any credits to ratepayers
18 essentially.

19 S. VETISIS: I mean, at the end of the day, the
20 OEB approves a funding envelope. I think that has
21 been well documented across, you know, the OEB
22 handbook, et cetera. And so, like every utility, you
23 know, we always review the investments every year
24 based on the latest information and prioritize
25 accordingly to maximize the value of the investments
26 that it is that we are making based on the current
27 assessment we have of the risks that are available.

28 So, you know, with the majority, I believe 80

1 percent of our capital program is within this
2 account. The only stuff that has been hived off for
3 other accounts is work that is mandatory, which is an
4 obligation under our license condition. So we would
5 have to do it regardless. There is no optionality
6 there.

7 And so through this account, customers have the
8 protection where if we underdeliver on our capital
9 program, that any underspend would be refunded to
10 customers in the future. Regardless, as a utility in
11 our next proceeding, the OEB and Staff and everyone
12 will test the prudence of the investments that we
13 have made, as they always do, and those protections
14 remain the same.

15 V. GANESANATHAN: So just to play it back to
16 you, what I am gathering is that the prioritization
17 doesn't live in the account, but it is rather an
18 internal management process?

19 S. VETISIS: So the account itself sets a
20 baseline for the level of in-service additions for a
21 particular set of programs. It sets a funding
22 envelope. And then we manage as a utility within
23 that overall funding envelope. We will have to
24 manage to changing priorities. We will have to
25 manage to changing risks. You know, we may need to
26 shift between programs if a really high risk arises,
27 for an example, right.

28 And so what you see here in our application is a

1 DSP built off the best information that we have
2 available. Panel 1 walked you through the
3 prioritization process that we used to arrive at
4 that. We use a similar process every year
5 iteratively, and so like I said, just as a utility,
6 we will prioritize each year based on the best
7 information. We work within the overall envelope for
8 the applicable programs on an overall basis, right.

9 And the account exists to protect customers in
10 the event that we are not able to deliver so that
11 they receive credit back for money that they should
12 not have been paying to begin with, right. That is
13 the purpose of the account. And so, like I said, in
14 the future, like we are in this hearing, the prudence
15 of those decisions will be tested.

16 V. GANESANATHAN: I assume the answer is yes.
17 So it is -- what you are describing is an internal
18 management process as a whole?

19 S. VETISIS: Yeah, and the process that was
20 utilized to build the plan is the process that is
21 utilized on an ongoing basis.

22 V. GANESANATHAN: Understood. Understood.
23 Thank you.

24 The other question I had was -- so here -- so a
25 couple points I wanted to clarify. So you mentioned
26 the disposal, and I am kind of leaning on
27 understanding not after the fact activities, and,
28 like, right now as we are approving this DVA is what

1 I am trying to understand, the safeguards. So that
2 is where my questions were going. I understand there
3 is a disposition process, but we understand that it
4 is after the fact of after spending has been
5 committed, right.

6 One specific area I wanted to understand, so
7 ratepayers get downside protection, but there is also
8 that 2 percent deadband. Do you agree that within
9 the 2 percent deadband, there is no downside
10 protection for ratepayers?

11 S. VETISIS: While I do agree that is the case,
12 it is by design because what it does is it provides
13 an incentive. And so there is no protection to the
14 ratepayer during the rate term, but what it does is
15 it incents us to find opportunities for productivity
16 where we can to deliver the program for less than
17 what was forecast. Absent the deadband, every dollar
18 we would save would immediately go back.

19 And so customers, if we are able to find
20 productivity over the term, which we will be actively
21 seeking, they will see that benefit at the time of
22 rebasing because what it will mean is that we
23 delivered a total cumulative in-service additions
24 that was less than what was forecast, and so rate
25 base would be lower than what it otherwise would have
26 been.

27 V. GANESANATHAN: Yesterday you made a comment,
28 I recall, Mr. Vetsis, about the I minus X or the

1 typical test year cost of service application being -
2 - providing the same incentive as the Custom IR. Can
3 you just clarify what you meant by that and if you
4 were just meaning it on a general sense or specific
5 to Elexicon's application?

6 S. VETISIS: I believe what I said yesterday was
7 that they provide, yes, similar incentives. The
8 incentive is provided through -- you know, one of the
9 main areas through which incentives are provided is
10 through the appropriate calibration of the
11 productivity incentive, the stretch factor, based off
12 of total cost benchmarking, and it is based off of
13 the performance of the utility, right.

14 And so when I think of whether we are price cap
15 or Custom IR, we, as utilities, are benchmarked
16 through total cost benchmarking with the costs that
17 we forecast, right. And then the outcome of that
18 process yields a measure, which dictates the size of
19 the stretch factor.

20 And so all of those ranges, whether your price
21 cap or Custom IR, are based off of the differential
22 between the utilities -- you know, the actual costs
23 and the benchmark costs. And so that is why the
24 incentive is -- it should be similar under both
25 because it is based off of the cost performance of
26 the utility.

27 V. GANESANATHAN: So would you agree if I said
28 that the Custom IR framework is generally incenting -

1 - incenting based on the risk the utility is taking
2 on in terms of the forecast more than what is being
3 provided in a typical test year cost of service?

4 S. VETSI: Could we please go to 5-CCC-62. In
5 this interrogatory, we were asked about the
6 differences in risk between different rate
7 frameworks. You know, in our response, we state that
8 we don't view there to be a difference, a material
9 difference in risk between the two frameworks.

10 Where Custom IR and price cap ultimately differ
11 is in their ability to yield just and reasonable
12 rates for the circumstances of a utility, right.

13 And so, again, in a circumstance such as ours
14 where we have both the growth in the customer base
15 that we are experiencing, the capacity constraints
16 that we need to address, as well as the deteriorating
17 reliability that we have, we are not in a scenario
18 where the status quo is carrying forward. And so for
19 that reason, a price cap is not capable of meeting
20 the needs of a utility like ours, right, and that is
21 why Custom IR is needed.

22 But once you set a framework and you calibrate
23 it to the needs of the utility, the risks ultimately
24 are very similar. Both utilities will have to manage
25 risk of load varying over time. Both utilities will
26 have to manage risks of costs and things that emerge
27 over the period. And so, again, that is why I say
28 that the two are similar.

1 V. GANESANATHAN: Thank you. I appreciate that.

2 So would you agree, then, that, you know, this
3 one individual capital in-service variance account,
4 it fits into the bigger picture of your rate
5 framework, and you can't really look at it
6 individually on an individual basis?

7 S. VETSIS: I mean, our view is that the rate
8 framework is integrated, you know, both the annual
9 adjustments through the custom revenue cap index as
10 well as the deferral accounts that exist. So we
11 provide all of these holistically to ensure that
12 there is the right balances across both customers and
13 the utility.

14 And so one of those balances is we want to make
15 sure the framework does have appropriate protections
16 for customers, and so the CISVA is one of the ways
17 that we -- you know, we are projecting a growth in
18 our work program. We are protecting customers if we
19 can't deliver on that, right. And similarly, we have
20 the earning sharing mechanism. We are protecting
21 customers in the event that we over earn.

22 And so, like I said, holistically, they all
23 combine to find the right balance of risk in the --
24 and the right balance of incentives.

25 V. GANESANATHAN: I assume the answer is yes
26 based on what I am hearing?

27 S. VETSIS: I mean, if you want to go with a
28 short one word, sure.

1 V. GANESANATHAN: Thank you.

2 Can we please go to Exhibit 9, Tab 4, Schedule
3 2, page 4. If you go to line 12 to 14. So starting
4 at the end of line 12, it indicates:

5 "This account --" (as read)

6 Which it is specifying the capital in-service
7 variance account:

8 " -- is similar to mechanisms approved in prior
9 OEB application and provides customers with
10 protection in the event that Elexicon cannot
11 materially deliver on its planned capital
12 investments." (as read)

13 Which is what you indicated. But based on what
14 I am understanding, it can't directly be compared to
15 a previous application because you are indicating
16 that it is holistically part of your rate framework.

17 So if you are to do an apples-to-apples
18 comparison, you would really only be able to do rate
19 framework to rate framework as a comparison, not
20 individual accounts; is that accurate?

21 S. VETSI: No. I think that is -- that is an
22 inaccurate statement. You know, again, while it is
23 holistic, there is value in the precedents that do
24 exist, and there are unique elements to our
25 framework, but there are also similarities to
26 frameworks as well.

27 And, you know, we have listed a couple of other
28 utilities here. There is a couple of Hydro One

1 applications where a similar mechanism was provided.

2 This mechanism has a specific purpose; the
3 purpose is to protect customers from under delivery
4 of the program. Whether the custom revenue cap index
5 has different letters in the formula doesn't change
6 the benefit that this account provides, and we can
7 rely on its structure and the prior approvals of the
8 precedence for support of its effectiveness.

9 V. GANESANATHAN: Do you recall which
10 applications these two are?

11 S. VETSIS: I believe we have the EB numbers on
12 the footnote on that page.

13 V. GANESANATHAN: Okay. I don't memorize
14 application based on EB number, although we are at
15 the OEB, but...

16 So I had to just double-check a couple
17 applications, and from my understanding -- you can
18 correct me if I am wrong -- the EB-2017-0049 number
19 is referencing the Hydro One Network Inc.'s
20 application. Not the most recent one, but I believe
21 starting 2017 for a five-year term which seems like
22 they have provided -- so in this 9-year-old
23 application, they approved a similar account. Not
24 exactly the same.

25 But then -- what I am a little confused with is
26 the following one, which is Hydro One's 2023 to 2027,
27 I believe, which initially, it proposed the account,
28 but parties collectively agreed not to include it in

1 the settlement proposal, if I am not mistaken.

2 So my question is, is there any application
3 within the recent years -- not maybe something 9
4 years old -- that approves a similar account?

5 S. VETISIS: I believe there are other similar
6 accounts that have been approved for other utilities
7 such as Toronto Hydro. I think the reason why we
8 leverage the Hydro One proposal is that it is the
9 most similar to ours in that it builds in the
10 deadband to ensure that appropriate incentive to
11 continue pursuing productivity. Because if you take
12 that away, it is almost like you are counteracting
13 the stretch factor a little bit.

14 V. GANESANATHAN: That is the 9-year-old
15 application; right?

16 S. VETISIS: Again, approved by the regulator.
17 Now, again, it was proposed again by Hydro One, and
18 the incentive that we are trying to provide here is
19 one -- or the protection that we are trying to
20 provide is that if we under -- do not materially
21 deliver on the plan, that we will refund that money
22 for customers. If OEB Staff ultimately feels that is
23 not an incentive that is required and should be
24 removed for the application, obviously that is
25 something for submissions.

26 V. GANESANATHAN: Could you please also clarify
27 which Toronto Hydro application you are referring to.

28 S. VETISIS: I will have to take that away at the

1 break.

2 V. GANESANATHAN: Okay. If we can get an answer
3 on that, that would be helpful.

4 Okay. Moving on.

5 S. VETISIS: Give me a sec to make the note if
6 you don't mind.

7 V. GANESANATHAN: Yeah, no problem.

8 S. VETISIS: Please go ahead.

9 V. GANESANATHAN: I just have another area of
10 focus, and I will pass it to my colleague after that.
11 It's with reference to the new stations deferral
12 account.

13 So I am just trying to understand -- so I
14 understand that the variance account is to track the
15 variances of any revenue requirement impact from a
16 new stations deferral -- a new station that is
17 identified that is incremental to the current capital
18 plan.

19 Can you just walk us through -- and perhaps, I'm
20 not sure, this might be a Panel 1 question that I
21 missed -- but just clarify what capital cost you are
22 referring to that would be eligible to record in
23 terms of the impact? Like, what I am trying to
24 understand is, is it specific station material cost
25 like transformer and switchgear station civil work
26 and so forth? Or does it also include upstream and
27 downstream costs?

28 S. VETISIS: The account is intended to capture

1 costs associated with the station itself. So it
2 would be a type of investment that would fit within
3 the substation growth category of our investment
4 plan.

5 V. GANESANATHAN: Thank you. So I just want to
6 understand what happens in the situation that -- so
7 you have a new station that you weren't planning for,
8 and it is based on specific customer load or,
9 perhaps, a demand growth that drives that project.

10 If that demand growth or customer load for
11 whatever reason doesn't materialize, how are
12 ratepayers protected from those costs, especially if
13 this large load doesn't come from -- is not captured
14 through large load variance account?

15 S. VETISIS: Our expectation would be that where
16 a station is driven by some intensification of a
17 specific customer or customers, that they would
18 contribute in some form a capital contribution which
19 would offset part of the cost of the station that
20 they would cover the share of cost that is theirs,
21 and what would go more generally would be for general
22 load growth sort of similar to broader investments
23 that we make.

24 V. GANESANATHAN: Okay. Thank you. Just one
25 more question.

26 So if we could please go to Exhibit 9, Tab 4,
27 Schedule 2, page 22. So it is Exhibit 9, Tab 4,
28 Schedule 2, page 22, lines 18 to 19, please.

1 Would you be able to just scroll down, please.

2 Sorry, one second. Let me just look for that
3 specific line.

4 I had the reference wrong. So it is page 21,
5 lines 25 to 28:

6 "A Custom IR applicant, the ICM construct is
7 not available to Elexicon as a relief valve in
8 the event the need for a new transformer
9 station arises. Lacking this tool, Elexicon
10 requires the NSDA --" (as read)

11 Which is referring to the new station deferral
12 account:

13 "-- to capture the incremental capital related
14 requirement associated with any new station
15 project." (as read)

16 The way I understand it -- and you can correct
17 me if I am wrong -- the way it is being characterized
18 is that this account is essentially an ICM that is
19 specific for new station investments; do you agree?

20 S. VETSI: No, I do not agree. Again, this is
21 a variance account, so the way this would operate is
22 that we would put in the in-service additions of the
23 station and the revenue requirement impact of that
24 into the account.

25 The ICM is a different mechanism with different
26 criteria for eligibility and as we have noted in one
27 of our IRR responses is not available to a Custom IR
28 applicant. Just the reason why it was mentioned here

1 is that under Custom IR, there are no other avenues
2 for utilities outside of the -- of creating accounts
3 to capture unanticipated material investments.

4 And for us as a high growth utility, a potential
5 for who is already capacity constrained, there is
6 potential for additional need, which is why this
7 account has been put forward.

8 V. GANESANATHAN: One last question just to get
9 -- ensure I better understand it.

10 Could you just elaborate on your comment about
11 how the eligibility of the ICM in a typical rate
12 application or, rather, a test year cost of service
13 application would be different than the eligibility
14 here to -- for this account? Because the way I see
15 it -- I still see it as a catchall for new stations
16 that are incremental to the capital plan.

17 D. COBAN: I maybe just want to step in for a
18 moment because I think we have had a few exchanges of
19 this type. And, you know, I think, as we all know,
20 we are here for a technical conference to get clarity
21 with respect to the proposal.

22 So, you know, to the extent we are straying into
23 matters of argument, I suggest that that may be a
24 better use of our time at a later date, and maybe we
25 could just focus more on understanding the nature of
26 the proposals that are here before us. So I just
27 wanted to note that and maybe ask that we focus our
28 questions accordingly on the nature of understanding

1 and clarification.

2 V. GANESANATHAN: Not a problem. Did you want
3 to answer that one last question and I will pass it
4 off or...

5 S. VETISIS: I am going to embarrassingly ask you
6 to repeat it.

7 V. GANESANATHAN: I am just -- I am really,
8 truly trying to understand the eligibility, right.
9 So you mentioned the eligibility is different, but I
10 am just having a hard time understanding why that is
11 because the account is based on causation,
12 materiality, and prudence, right. And an ICM is --
13 ICM application is -- or a module that is added to an
14 application is required to produce the same test;
15 right?

16 S. VETISIS: I would say the scope of coverage
17 here is smaller because it is specific to just
18 stations. The ICM also has all these other elements
19 associated with it, calculations regarding
20 materiality, threshold, all these different things
21 that surround it as a policy construct which make it
22 very, very different from a variance account.

23 And, again, I would just reiterate that the
24 OEB's own documents state that ICM is not available
25 to utility under a Custom IR framework.

26 V. GANESANATHAN: Fair enough. Thank you. I
27 will pass it off to my colleague Brigit. Thank you
28 for your time.

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

2 B. ARMSTRONG: Thank you. I will try to be
3 brief.

4 If you can go to your evidence update from June
5 19th. In the cover letter from last Friday, you
6 noted that you updated your response to 4-Staff-103
7 as some positions were missing.

8 And, actually, you don't need to bring it up. I
9 was just going to ask if you can identify the
10 positions that were missing from the original
11 response.

12 B. WALKER: Yes. The positions that were added,
13 they have -- to the left of the margin there, there
14 is a black line that -- or -- on each one of those
15 positions.

16 So the first one, for example, the distribution
17 engineer, you will see a black --

18 B. ARMSTRONG: Oh, okay. I didn't know that
19 that is what that meant. Okay. Okay. Thank you.

20 Now, with these positions added here, can you
21 please confirm that in the interrogatory response to
22 1-SEC-13, Attachment 3, the Excel, that these
23 positions are included there? Or is there an update
24 again to that OM&A budget?

25 Z. ISLAM: We can confirm that those position --
26 costs are included in 1-SEC-13 attachments.

27 B. ARMSTRONG: Okay. Can you please identify
28 any other updates that were in 1-SEC-13 that were not

1 noted from the pre-filed evidence? I know that you
2 updated for 2025 actuals, but you made updates to the
3 forecast as well that are not really apparent to me
4 unless I go line by line.

5 S. VETISIS: Could we bring up 1-Staff-1,
6 Attachment 1, 2027 revenue requirement work form? It
7 is an Excel file.

8 So, Ms. Armstrong, if you take a look at the tab
9 here, it -- there is a summary of proposed changes,
10 outlines the changes that were made to revenue
11 requirement and should, you know, I think --

12 B. ARMSTRONG: I understand that work form.

13 What I am looking for is on a program-by-program
14 basis, if you made updates in this process -- it is
15 hard to see unless you go line by line. For example,
16 I believe your regulatory affairs department got an
17 update in 1-SEC-13 that you have to look for. It is
18 not easily apparent unless you go in aggregate, but I
19 don't want to go in aggregate. I want to see it on a
20 program basis.

21 S. VETISIS: My -- looking at the list here, my
22 recollection is that these are the charges that
23 exist. So the first one is the system control centre
24 which you should find in the system control centre
25 line in which, I believe, is articulated in Exhibit
26 10.

27 The other one is the update for the cost of this
28 application. So those would be in the regulatory

1 affairs line, but it should not impact any other
2 lines in the OM&A table.

3 B. ARMSTRONG: So it is only the regulatory
4 affairs expenses? That is it?

5 Z. ISLAM: There was another revenue change as
6 well in relation to late payment charges.

7 B. ARMSTRONG: Okay. Thank you very much.

8 Next question, can you please bring up 4-Staff-
9 105, the Excel spreadsheet. And then also bring up
10 4-SEC-56. Table -- I believe it is Table 1. Yeah.

11 So I am trying to reconcile legal costs that are
12 shown in this table versus some of the items shown in
13 4-Staff-105. If we can go back to that table.

14 I am also trying to reconcile some items such
15 as, like, the legal fees, director fees, and
16 insurance. I believe we covered the director fees
17 yesterday, but management fees -- where are the
18 management fees here? The management fees, can you
19 walk me through what these management fees are?

20 S. VETISIS: Ms. Armstrong, the management fees
21 are what we discussed yesterday. It is the
22 transition of the CEO role to the holding company,
23 the utility. And so rather now than being an
24 employee of Elexicon, the costs of that salary as
25 well as some additional expenses get charged down
26 from the parent company to the -- to the regulated
27 entity. So it is just the shift in line between what
28 used to be a labour cost at Elexicon is now something

1 that is being costed down from the holding company.

2 B. ARMSTRONG: Okay. So this should be the 90
3 percent that you are allocating through your
4 corporate cost allocation; is that correct?

5 S. VETISIS: Yeah. These numbers should align
6 with -- is it 2N, I believe, Zubair?

7 B. ARMSTRONG: 2N, yeah. Just trying to confirm
8 and reconcile it. Okay. That is great. Thank you.

9 And then the legal audit and bank fees, can we
10 go to that line? I think it is line 19 here. Can
11 you please provide those fees broken up into the
12 three different components.

13 S. VETISIS: So, Ms. Armstrong, the first exhibit
14 we will take you to -- I mean, maybe we don't
15 necessarily need to go to it. We will just tell you
16 some of the exhibits that are relevant and just give
17 you a ballpark of the value and kind of consolidate
18 later.

19 Internal audit costs, we have those in 4-SEC-56.
20 You will see about 250,000 per year over the '27 to
21 2031 period.

22 B. ARMSTRONG: Just to make this quick, can you
23 just break it up in this table? Can you just give us
24 three line items? I mean, you have the numbers. I
25 know they might be somewhere else in the application,
26 but just to make it easy for us, can we just break up
27 those three items into three different line items?

28 S. VETISIS: Sure, we can take that undertaking.

1 B. ARMSTRONG: Thank you.

2 T. HOBBINS: That is Undertaking JT-4.5.

3 **UNDERTAKING JT-4.5: BREAK UP THE THREE ITEMS IN**
4 **TABLE 1 OF 4-STAFF-105 INTO THREE DIFFERENT LINE**
5 **ITEMS AND INDICATE THE OM&A GROUPS THAT THEY**
6 **WOULD BE EMBEDDED WITHIN AND THE AMOUNTS**
7 **FORECASTED FOR THOSE GROUPS**

8 B. ARMSTRONG: And then in terms of legal fees,
9 I am just trying to understand your external versus
10 internal legal fees. Am I correct from the evidence
11 I saw that you are hiring legal counsel in 2024,
12 senior legal counsel, and you are planning on hiring
13 another lawyer in 2029; is that correct?

14 S. VETISIS: That is correct.

15 B. ARMSTRONG: Thanks.

16 Can you please walk me through what the
17 responsibilities of your internal legal team is
18 versus your external legal counsel?

19 S. VETISIS: I mean, we leverage our internal
20 counsel for -- it is just a broad range of
21 responsibilities. They will assist with, you know,
22 reviewing documents, vendor agreements, preparing
23 offers to connect. So a lot of the day-to-day
24 business that the utility undertakes, they will
25 support.

26 When they hit their limit of capacity, some
27 instances there will go to external counsel to help
28 support where the team can't accommodate, where

1 volumes get high.

2 And then we also leverage -- we tend to leverage
3 external counsel in areas where we require specific
4 expertise. And so, for example, we will leverage
5 regulatory counsel. In the regulatory space, we will
6 use specific counsel for labour relations, that sort
7 of thing.

8 B. ARMSTRONG: So out of this line 19, the legal
9 portion, roughly what portion would you say -- and I
10 am assuming this is external legal, right, since
11 these are non-labour costs?

12 S. VETISIS: Yes. The internal staff should be
13 in the labour line.

14 B. ARMSTRONG: Right.

15 So roughly what percentage do you budget for
16 external legal in this line?

17 S. VETISIS: I mean, given we are giving you the
18 undertaking, that should be indicated there. I can't
19 remember the exact sum, mostly because it is split
20 over a few lines of business. Like, there is some in
21 regulatory.

22 B. ARMSTRONG: Okay.

23 S. VETISIS: There is some in governance and
24 other lines of business.

25 B. ARMSTRONG: That is -- that is fine.

26 So I would like to get another undertaking too
27 because I realized from Panel 1, there is legal fees
28 really embedded in a number of OM&A programs. Most

1 of them, you have an aggregate line. It doesn't
2 really give me a clear sight.

3 Can you give me a table of every OM&A program --
4 the legal fees that are included in every OM&A
5 program?

6 S. VETISIS: I mean, I can show you some of those
7 exhibits now. CCC-56 was the first one which showed
8 the amounts embedded within the legal and corporate
9 secretary department.

10 B. ARMSTRONG: But what my question is, is there
11 any additional legal fees embedded in other OM&A
12 programs on top of the table that you show in CCC --
13 which one is it -- 56?

14 S. VETISIS: There is some in the regulatory
15 line, which I believe is...

16 B. ARMSTRONG: There is some with the asset
17 management group; right?

18 S. VETISIS: There is -- I think what we can do,
19 as part of that prior undertaking, we can indicate
20 the groups that it would be embedded within.

21 B. ARMSTRONG: That would be great if you give
22 me a table, just also the amounts that you are
23 forecasting for those groups, just for transparency.

24 D. COBAN: We can do that as part of the prior
25 undertaking.

26 B. ARMSTRONG: That would be great. Thank you.

27 D. COBAN: Thank you.

28 B. ARMSTRONG: And if you could just walk me

1 through what legal challenges you are anticipating --
2 or legal responsibilities you are anticipating in the
3 forecast period, just so we -- you know, once we get
4 the budget, we can sort of understand what -- what
5 you are anticipating.

6 S. VETSIS: I mean, I think there are many
7 examples that will go -- obviously, there is labour
8 negotiations on a regular cadence in the business.
9 When we look at just the growth and the level of
10 capital investment that we have, you know, we do
11 anticipate growth in the level of offers to connect.
12 We do anticipate a lot more, you know, challenges and
13 things with the standard rules that we have.

14 And so just from a volume perspective, we would
15 anticipate more work there. You know, we are
16 transitioning to issue debt. There may be legal
17 support necessary to support those transactions. I
18 mean, those are just -- those are just some of the
19 examples.

20 B. ARMSTRONG: But you are hiring -- or you
21 hired one lawyer, and you are hiring another lawyer
22 internally to cover some of that growth --

23 S. VETSIS: Yes. And so that is why --

24 B. ARMSTRONG: -- and connection issues; right?

25 Is there any other challenges? I know there has
26 been issues with, like, your capacity constraints you
27 talked about, and, you know, the ICM we had a few
28 years ago, there was legal challenges associated with

1 builder's associations. And I am trying to get to --
2 like, are you anticipating more issues on that side,
3 or are you handling it more from an internal
4 perspective?

5 S. VETSIS: We are using a balance, as we have
6 in the past, right. We use -- we try, to the extent
7 possible for repeatable things, to use internal staff
8 to get as much value as we can out of them. We, as I
9 mentioned, will go with external counsel to help with
10 volumes as they shift.

11 But, again, you know, our environment is
12 changing substantially, right. And I think just, you
13 know, one example is just -- you know, I think of the
14 connection space over the last few years. The volume
15 of connections that we have in our service territory,
16 you know, we -- historically, Elexicon didn't
17 experience very many credits when it comes to offers
18 to connect with unforecasted load, for example.

19 Now, load is -- this load growth is so fast, you
20 are having credits upon credits upon credits. It is
21 starting to get really complicated. And so
22 oftentimes, you know, we leverage external expert,
23 you know, support from counsel to help us in these
24 circumstances where these unique items, these
25 challenges arise, just to make sure that we are
26 maintaining compliance as a utility.

27 And so that is one example of the increasing
28 complexity that you have. You know, you have more --

1 you know, more assets in the field, more risks of
2 incidents, all sorts of things. And so our strategy
3 is to continue to leverage both external and
4 internal, and what you see with the changes over
5 time, it is really just this growth in the volume of
6 investment and in activity.

7 B. ARMSTRONG: Okay. Thank you.

8 Going on to a different topic for the customer
9 care and contact centre. I know we have talked about
10 it a little bit in previous days, but can you please
11 bring up 4-CCC-47. And in response to A, Elexicon
12 notes that the external consulting costs are due to
13 team training support; is that correct?

14 K. ROMANO: Hi. Good morning. The line item
15 for consulting would include elements related to
16 training, yes.

17 B. ARMSTRONG: And that is in addition to the
18 training that Mr. Walker discussed yesterday with Mr.
19 Gluck; right?

20 K. ROMANO: Yes. So confirming, the training
21 components included within CCC-47 are separate from
22 the training elements that were outlined by Mr.
23 Walker.

24 B. ARMSTRONG: Thanks.

25 Now, you are increasing your staff complement,
26 right, in the beginning of the test period, or is it
27 throughout?

28 K. ROMANO: In the year of 2027, we will be

1 onboarding two additional staff members.

2 B. ARMSTRONG: So I am just wondering why the
3 training costs here keep going up towards the end of
4 the period. I would have expected them to level off
5 at a certain point.

6 K. ROMANO: Our training plan over the five-year
7 forecast period is aligned with many of the
8 continuous improvement opportunities identified to
9 leverage the Dx NEXT transformation. So an
10 illustrative example would be we are introducing, for
11 example, a new chat function and feature where we can
12 interact live with our customers.

13 Part of the training program would be to ensure
14 that our staff receive the appropriate training to be
15 able to deliver that experience to our customers. So
16 the planned forecast over the 2027 to 2031 are
17 elements that we have identified that staff need to
18 be upscaled or cross-trained or where we need to map
19 an internal development opportunity for staff to one
20 of our continuous improvement concepts.

21 B. ARMSTRONG: Okay. So what I am hearing you
22 say, that Dx NEXT -- in the next five years, there is
23 really no efficiencies in Dx NEXT because it causes
24 more training, more work, more learning; is that
25 correct?

26 S. VETISIS: I would disagree with that
27 characterization, Ms. Armstrong.

28 B. ARMSTRONG: Are there efficiency gains to Dx

1 NEXT? That was one of my later questions, actually.

2 K. ROMANO: Yes. So in consideration of the
3 training components that you have outlined for the
4 2027 to 2031 period, there continues to be
5 efficiencies delivered through the Dx NEXT project.

6 Although we are investing in our existing staff
7 complement, we will offset 14 FTE over the forecast
8 period that had we not implemented Dx NEXT, that we
9 would have required to onboard to support our ongoing
10 service levels and customer expectations over the
11 forecast period.

12 B. ARMSTRONG: Okay. Thanks.

13 Can we go to 4-CCC-49, table -- yeah, Table 1.
14 The licensing fees for this segment increase by quite
15 a bit. Am I correct in assuming that it is due to
16 the rollout of the AMI 2.0?

17 K. ROMANO: Yes, that is correct. In 2028, the
18 licensing fees will increase directly aligned to our
19 current deployment plan of the AMI 2.0 strategy.

20 B. ARMSTRONG: Thanks.

21 How did you derive these costs? I am just
22 trying to get an idea if you got quotes or if this
23 forecast is based on your own estimates.

24 K. ROMANO: The cost estimates over the forecast
25 period related to AMI 2.0 are related to cost
26 estimates that we received from our existing vendors
27 that reference the time period of 2024. Those costs
28 are provided to us on a per meter basis. So it is a

1 combination of our forecasted metered accounts
2 relative to the 2024 pricing that we received.

3 B. ARMSTRONG: Okay. Thank you.

4 So have you updated these numbers, or are you
5 planning to update them before the end of this
6 application with 2026 costs?

7 K. ROMANO: There is a commitment -- and I
8 cannot recall where -- included in this IR response
9 that we are completing a formal business case in
10 support of our AMI 2.0 strategy, and that business
11 case will be provided as part of a submission on or
12 before July 10th.

13 B. ARMSTRONG: Okay. Great. Thank you.

14 K. ROMANO: You are welcome.

15 B. ARMSTRONG: And then going on to Appendix 2-
16 M, and this goes to the regulatory costs that Mr.
17 Vetsis mentioned. And this is the updated numbers;
18 correct?

19 S. VETISIS: Could we scroll down, please? No.
20 I think this is the as-filed version.

21 B. ARMSTRONG: Actually, it is okay. We don't
22 even need to bring it up.

23 My question is quite simple. I just wondered
24 what the underlying assumptions for the forecast
25 were, specifically in terms of this proceeding.
26 Like, are you assuming full settlement, partial
27 settlement, no settlement? I would think it makes a
28 difference.

1 S. VETSIS: We have assumed that the application
2 will proceed to oral hearing for purposes of this
3 estimate.

4 B. ARMSTRONG: Okay.

5 Could you provide me with three scenarios, one
6 being a full settlement, one being partial, and one
7 being a full oral hearing, in terms of regulatory
8 costs?

9 S. VETSIS: We could undertake to estimate those
10 differences.

11 B. ARMSTRONG: Great. Thank you.

12 T. HOBBS: That is JT-4.6.

13 **UNDERTAKING JT-4.6: PROVIDE THREE SCENARIOS, ONE**
14 **BEING A FULL SETTLEMENT, ONE BEING PARTIAL, AND**
15 **ONE BEING A FULL ORAL HEARING, IN TERMS OF THE**
16 **REGULATORY COSTS SET OUT IN APPENDIX 2-M OF 4-**
17 **CCC-49**

18 B. ARMSTRONG: I am going to skip the next
19 question. I think we have covered that already.

20 For people and culture consulting fees, if you
21 bring up CCC-52, Table 1. I am just, again, trying
22 to understand what causes your consulting fees to
23 double in '26 and then staying at a same level, like,
24 just slight increases in '27 to '31.

25 B. WALKER: Within the forecast period, we will
26 have work to do with aligning the business on the
27 strategic priorities, which will include all employee
28 and leadership training. We will require support

1 with that to support our talent management program.
2 And there are some consulting fees that are covered
3 within people and culture for things such as our plus
4 studies as well covering the health and safety
5 program to support the organization.

6 B. ARMSTRONG: Okay.

7 So these consulting fees in '26, were they
8 related to preparing this application at all? Were
9 there any costs for that in there?

10 S. VETISIS: All costs related to the Elexicon
11 rebasing application are included in Appendix 2-M.

12 B. ARMSTRONG: Okay. Thank you. I am just
13 trying to save time, so I am skipping a few
14 questions.

15 Can we go to CCC-50, Table 1. And I am just
16 trying to get an understanding of subscription costs
17 here, trying to reconcile what I saw in the Dx NEXT
18 business plan versus what is shown here, and I can't
19 quite reconcile the numbers.

20 L. FROST-HUNT: What you are seeing here in the
21 forecast period is the sustaining costs of Dx NEXT
22 starting to come online. The one-time implementation
23 costs are in the deferral account, so that might
24 account for the difference.

25 B. ARMSTRONG: So the 6.62 million should
26 reconcile to what you showed for ongoing costs in the
27 Dx NEXT business plan?

28 L. FROST-HUNT: That number includes the Dx NEXT

1 sustainment cost but is not wholly --

2 B. ARMSTRONG: What else does it include?

3 L. FROST-HUNT: The other license and
4 subscription costs for Elexicon.

5 B. ARMSTRONG: Could you break down what the
6 other license and subscription costs are? And that
7 50 percent increase here, is that due mainly to Dx
8 NEXT or do we have increases in other license costs
9 as well?

10 D. COBAN: And just a note of caution that we
11 are -- when we are speaking to the Dx NEXT costs,
12 those materials have been redacted. So I just want
13 to offer that as a caution that we don't accidentally
14 stumble into anything confidential.

15 B. ARMSTRONG: Yeah, and you notice that I am
16 very careful how I am framing my question because I
17 really do not want to go in camera either.

18 D. COBAN: Thank you.

19 B. ARMSTRONG: That is why I would like to have
20 everything other spilled out, not -- not is what is
21 in the business plan.

22 L. FROST-HUNT: Ms. Armstrong, I would direct
23 you to Table 6 of this evidence. It might give you a
24 sense of the baseline.

25 B. ARMSTRONG: Okay, thank you. And then I just
26 have one question on this when it goes into the
27 savings that you are showing, I believe, in CCC-51.

28 In terms of saving on subscription costs, I am

1 just trying -- you know, the software cost
2 decommissioning, the savings of 4.62 million, I am
3 stubbing my toe a little bit on the word "savings"
4 given the cost increases.

5 Can you just give me a net cost increase for
6 software costs? Right, your costs wouldn't be over
7 10 million, would they, for subscriptions? You are
8 basically swapping out one for a better version; am I
9 correct?

10 L. FROST-HUNT: There is not a one-for-one swap-
11 out. So we are through the Dx NEXT program --

12 B. ARMSTRONG: Could you please speak up or into
13 the mic. Thank you.

14 L. FROST-HUNT: Is this better?

15 Ms. Armstrong, you characterize it as a one-for-
16 one swap-out, but the Dx NEXT program is bringing
17 significantly new capabilities to the organization
18 which are driving those new savings opportunities;
19 therefore, it is not a like for like.

20 B. ARMSTRONG: Okay. I understand that.

21 But I am not really quite understanding savings
22 here. Like, you are decommissioning old legacy
23 applications, and I am assuming that the Dx NEXT is
24 bringing similar capabilities but more capabilities.
25 Like, better, more. But it would be included what
26 the old legacy applications could do; right?

27 L. FROST-HUNT: There is a suite of new
28 capabilities which are driving the net savings as

1 outlined in 4-CCC-51, Appendix 1. These are
2 quantified OM&A savings.

3 B. ARMSTRONG: Okay. But not software cost
4 savings?

5 L. FROST-HUNT: Software costs are a component
6 of those savings.

7 B. ARMSTRONG: Okay. Can we go back to -- hang
8 on. Can we go back to CCC-50, the table. Again,
9 your third party contractor costs, what are those?
10 Because I am assuming from this table that they are
11 not part of the support costs for Dx NEXT. This
12 would be in addition; right?

13 L. FROST-HUNT: Yes. The third party
14 contractors are not specifically a function of Dx
15 NEXT.

16 B. ARMSTRONG: Can you tell me what those
17 contractors do for you?

18 L. FROST-HUNT: Where Elexicon requires
19 specialized IT skills, we access them through our
20 third party contractors and specific engagements to
21 augment the Elexicon team with skills they don't
22 have.

23 B. ARMSTRONG: Can you give me an example of
24 that? Because you are also increasing your staff
25 complement; right?

26 L. FROST-HUNT: One example could be a specific
27 security capability that we don't have experience
28 with. We would bring in an expert with those skills

1 to augment the existing team, implement the
2 capability, and do cross training, as an example.

3 B. ARMSTRONG: Okay. But how does it justify a
4 triple increase in costs? Because I am also -- I
5 don't have it in front of me here, but by memory, you
6 are also introducing a whole privacy and
7 cybersecurity function; right?

8 L. FROST-HUNT: I am sorry, Ms. Armstrong.
9 Could you repeat that question.

10 B. ARMSTRONG: Well, I mean, your costs are
11 tripling, more or less, and you just gave me the
12 example of cybersecurity, right, as a contracting
13 cost. But you are also bringing in a whole
14 cybersecurity team, or at least one person that is
15 responsible for increased cybersecurity at Elexicon.
16 I am just trying to understand why the costs are
17 going up by that much.

18 L. FROST-HUNT: I did use cybersecurity as an
19 example, but another example could be advanced
20 analytics, it could be network firewall
21 configuration, it could be multi-factor
22 authentication migrating to new technologies.
23 Wherever we need to augment the existing team with
24 specialized skill sets that we don't have, that is
25 what is contemplated in that third party contractor
26 line.

27 The environment -- you know, we are coming from
28 a historical environment of not following industry

1 practice, a simple flat -- networks' flat
2 architectures -- to a very highly segmented, complex,
3 industry standard architecture that does require
4 specialized skill sets from time to time.

5 B. ARMSTRONG: So are these based on quotes you
6 got, or is this based on your estimate, the '27 to
7 '31 costs?

8 L. FROST-HUNT: These are based on an internal
9 estimate.

10 B. ARMSTRONG: What is your level of confidence
11 in that estimate?

12 L. FROST-HUNT: Given that the future needs are
13 not predictable but also given the complexity and
14 sophistication of the environment that we have going
15 forward, my confidence is high that we will need to
16 augment the existing team, the legacy team, with very
17 specialized skill sets from time to time.

18 B. ARMSTRONG: So at this point, you wouldn't
19 even be able to get quotes for what you need?
20 Because if I understand you, you don't quite know
21 what you are going to need going forward.

22 L. FROST-HUNT: I can anticipate certain
23 categories of need. One would be cybersecurity.
24 Another category would be advanced analytics.
25 Another category would be advanced network and
26 segmentation. But I cannot specifically identify the
27 needs within those categories at this time.

28 B. ARMSTRONG: Okay. And just to clarify, you

1 have hired or will be hiring a cybersecurity person;
2 right?

3 L. FROST-HUNT: That is correct. We have seen
4 an increased volume in cyber vulnerability
5 management. The volume of vulnerabilities has
6 increased significantly. The complexity of our
7 environment has increased significantly. The
8 external threat has also increased significantly.
9 And due to these factors, we are anticipating the
10 need for another cybersecurity specialist.

11 B. ARMSTRONG: So will you be hiring another one
12 in the forecast period?

13 L. FROST-HUNT: Ms. Armstrong, this is outlined
14 in Exhibit 4, Tab 2, Schedule 1, page 31, the
15 cybersecurity position.

16 B. ARMSTRONG: Okay. Thank you. That was it
17 for my questions. I will hand it over to my
18 colleague.

19 D. COBAN: I am just doing a quick time check.
20 Might be time for a break?

21 T. HOBBS: I believe we have about 10 minutes
22 of questions for Panel 2, so if we want to continue,
23 we can do that.

24 D. COBAN: Okay. That is fine.

25 **CROSS-EXAMINATION BY L. ZHANG (OEB):**

26 L. ZHANG: Hi, Panel. My name is Lizzie Zhang,
27 and I will be asking you a couple of quick questions
28 on cost of capital and other revenue. So if we could

1 bring up 6-Staff-143, page 1, and line 19.

2 So in the response, Elexicon states that the
3 historical average for financing and interest income
4 is 10K and 40K respectively. But if we can go to the
5 most updated Appendix 2-H for other revenue which is
6 under 1-SEC-13, Attachment 2. Go to row, Account
7 4405. I mean go up. Up, up, up. Yeah, if we can
8 see row 31. Yeah.

9 So OEB Staff calculated the average --
10 historical average of interest and dividend from 2020
11 to '25. The actual -- the historical actual is
12 actually 128K which is a lot higher than 50K.

13 So could you provide the specific calculation of
14 how you calculate the historical average of 10K for
15 financing and 40K for interest rate -- interest
16 income? And you can take that as an undertaking if
17 you want.

18 Z. ISLAM: If we can just go back to 6-Staff-144
19 -- excuse me, 6-Staff-143.

20 As you can note from this response, we have
21 normalized our historical actuals. So we have
22 normalized for the outliers that we see in Appendix
23 2-H, specifically in 2024 and 2023.

24 As we mention in this response, 2023 and 2024,
25 there was a higher average interest rate realized in
26 our chequing accounts as a result of the high
27 interest environment.

28 L. ZHANG: So you did not --

1 Z. ISLAM: But once you normalize for that, we
2 are left with the 10 and the 40K.

3 And as you might be aware, the prevailing market
4 interest rates are way lower than what they were in
5 2023 and 2024. Additionally, we have better cash
6 management practices. As a consequence, we are
7 expecting to realize interest income in alignment to
8 our historical actuals.

9 L. ZHANG: So you deducted the outliers while
10 calculating the historical average?

11 Z. ISLAM: That would be correct.

12 L. ZHANG: Okay. Can we move on to 5-VECC-50,
13 page 2.

14 So Elexicon updated the swap loan interest rates
15 to 5.446 and 5.19, respectively, due to 35 basis
16 points increasing applicable bank margin.

17 And could you explain why the rates of these two
18 RBC loans will keep updating? Because these two
19 loans are actually labelled as "fixed rate" in
20 Appendix 2-OB.

21 Z. ISLAM: Can you please repeat your question
22 again?

23 L. ZHANG: Yeah. Could you explain why the
24 rates of these two RBC loans would still keep
25 updating? Because it was used to be a lower rates,
26 right, and you updated it to 5.446 and 5.2. Why
27 would they keep updating? If we go to Appendix 2-OB,
28 you can see these two loans are actually labelled as

1 fixed rate loans. Maybe we can bring up Appendix 2-B
2 -- 2-OB, sorry.

3 If we move to 2027, we can see here all of the
4 long-term debts here are marked as fixed rate. Why
5 would those two loans still keep updating their
6 rates?

7 Z. ISLAM: So if we can just go back to that IR
8 response, 5-VECC-50.

9 So if we considered the response that we note in
10 relation to 5-VECC-50. Additionally, if I can also
11 pull up 5-Staff-135.

12 So just to summarize between 5-Staff-135 and 5-
13 VECC-50, what we have noted is that the facility
14 arrangement that we had with TD Bank, as we note in
15 this response, was set to expire in June 2026.

16 So what we had done is we had entered into a new
17 syndicated arrangement in late 2025 to ensure that we
18 had adequate access to funds. Additionally, we had
19 reached our borrowing limit with -- with -- in
20 regards to the TD Bank facility. And if we had
21 renegotiated multiple bilateral arrangements, it
22 would have incurred significantly more expenditures
23 for the organization.

24 Instead of going with the multiple bilateral
25 arrangement, we decided to go with the syndicated
26 facility with RBC which we have noted in 5-VECC-50.
27 During the course of the development of the
28 application which we submitted in December of 2025,

1 we put in a placeholder rate in relation to moving
2 the swap agreements from TD -- sorry, in relation to
3 moving the underlying loan from TD to RBC. So those
4 placeholder rates were subsequently updated in early
5 2026 once we had the final agreement with RBC.

6 So as you can understand, there was no change in
7 the swap rate itself because the swap is still held
8 at TD. But because the underlying facility and the
9 loan had to be moved to RBC, the -- the rates on
10 those underlying loans moved. And as a consequence,
11 those rates have been reflected in your Appendix 2-OB
12 schedule.

13 L. ZHANG: Okay. I think our time is up, so
14 that is all my questions.

15 T. HOBBINS: Okay. I think we will take the
16 morning break, and we will return at 11:40.

17 --- Upon recessing at 11:25 a.m.

18 --- Upon resuming at 11:41 a.m.

19 T. HOBBINS: Okay. I think we will get started
20 again here.

21 Just for the benefit of the record, we have
22 dismissed Panel 2, and we are now beginning with
23 Panel 3. So I will turn it over to Ms. Coban to
24 introduce the panel.

25 D. COBAN: Sure thing. Panel here -- Panel 3
26 here is, as indicated in the June 10th letter,
27 dealing with load forecast, the rate framework, cost
28 allocation, rate design. We have Mr. Vetsis who is

1 continuing to join us on this panel and then, Mr.
2 Blair, maybe I could get you to introduce yourself
3 and your responsibilities on this panel.

4 A. BLAIR: Hello. My name is Andrew Blair,
5 manager of regulatory, Power Advisory. I worked with
6 Elexicon on load forecast, cost allocation, and rate
7 design; Exhibits 3, 7, and 8.

8 T. HOBBINS: Okay. Thank you.

9 And we have SEC up first for 60 minutes of
10 questioning.

11 **PANEL 3**

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

13 J. SCOTT: Thank you. Good morning, Panel. My
14 name is Jane Scott. I am a consultant with the
15 School Energy Coalition. I have a few questions, and
16 then my colleague Mr. Rubenstein will follow. Could
17 we pull up 3-SEC-68, which is the updated load
18 forecast, both -- start with the PDF and then move to
19 the Excel.

20 So my understanding from Part B is that the
21 updated load forecast -- yes, you can just stop there
22 -- included the actuals for 2025 and then a number of
23 other changes that are listed there in Part B, and
24 could you just go through what those other changes
25 were.

26 A. BLAIR: Yes. So the models updated the 2025
27 actual data, and that was beyond just the load and
28 customer data, so the economic data, the economic

1 forecast from major banks, the regional housing
2 forecast, weather data, updated actual CDM data for
3 2024, 2025 EV data, and the updated large customer
4 list.

5 And in addition, there was a correction to the
6 kilowatt hour loads that had been load adjusted
7 including loss factor in the initial load forecast
8 filed as part of Exhibit 3. So that was adjusted
9 down, so the loads, the kilowatt hours throughout the
10 model do not include losses.

11 J. SCOTT: So the economic updates in the
12 housing, it is the same forecast but just more recent
13 information; is that correct?

14 A. BLAIR: Yes, that is right. It is always the
15 same -- the same source. Sometimes it is a new
16 report from the same source, but it is all -- the
17 same source has been updated.

18 J. SCOTT: Okay.

19 So maybe if we can go to the Excel spreadsheet.
20 And, now, there was some discussion yesterday about
21 the large load and the list of customers, and there
22 is a number of places where this information is. And
23 I do want to follow up on that in terms of the
24 adjustments to the load forecast.

25 So maybe if we could go to the tab that -- new
26 known customers. So I am trying to relate this
27 information to the information that was in 3-Staff-93
28 and the information that is in 3-VECC-38 and the

1 table that is in 1-SEC-21C.

2 But maybe just to start with the customer
3 numbers, if you go back -- if you go to the tab that
4 talks about the added total additions, maybe the next
5 tab. Let's try that one. No. It is the "Customer"
6 tab, so I think you have to go to the right, if I
7 remember correctly. Yes, "Customer Count." So this
8 shows adding customers.

9 So, for example, if we look at -- are we at the
10 top? Yes -- known additions. So for the GS 50 to
11 2,999, 2026, adding 6.5 customers, but if we -- I
12 think if you look at the formula for that, you look
13 at the formula in BE14, yes, so you are only taking -
14 - as I understand, you are taking half of that 6.5?

15 A. BLAIR: Yes. The 6.5 is the total number of
16 customers to connect throughout the year, and it is a
17 half-year adjustment made to account for the fact
18 that they will connect throughout the year.

19 J. SCOTT: So can I -- where can I see that 6.5
20 in the other spreadsheet that we just looked at if we
21 go back to that known customer?

22 So if we remember that number from 2026, 6.5,
23 for that class, if we go back, new known customers.
24 So how do I interpret that 6.5 to the number of
25 customers that are shown here?

26 A. BLAIR: The figure that goes into that
27 "Customer Count" tab, you know, it sorts from a
28 different place. It doesn't connect directly to here

1 because that number does not include the adjustments
2 and the cumulative impact over time. I believe there
3 is an undertaking with VECC that responds to this
4 directly. We can show how it lines up --

5 J. SCOTT: Well, that is what I -- I did see
6 that VECC had asked some -- some sort of questions in
7 the same area, so I don't -- I wasn't sure that this
8 kind of information was going to be covered.

9 But if you can give us a clear line of sight for
10 how the numbers in the load forecast relate to the
11 other numbers that I referenced, the other IR
12 responses that I referenced.

13 A. BLAIR: Some of the other IRs that you
14 referenced have the project list by number of
15 projects, and there are also meaningful differences
16 between the project list and the number of customers
17 because there -- for one, there are existing
18 customers, so there is no new customer added.

19 And in addition, there is a few projects that
20 are -- they are expected to have multiple
21 connections. So there isn't a clean line between the
22 project list and the customer list.

23 J. SCOTT: So I guess what I am looking for is
24 how did you come up -- for, in that example, the 6.5?

25 A. BLAIR: The 6.5 would be the number of
26 customers that are being added, including the
27 probability adjustments and some connection timing
28 adjustments that are made, and those -- the loads

1 reflected from that are in 3-Staff-93.

2 But the -- going back to the "Known Customer"
3 tab, new known customers. Like, the top in E5, cell
4 E5, this number here, you know, it is 3.225, and that
5 is half of the 6.45 that is added in the "Customer
6 Count" tab. So this is the number where there has
7 already been a half-year rule applied, and that other
8 tab, it has not been applied yet.

9 J. SCOTT: Okay.

10 And that -- so -- and maybe is the probability
11 in the half-year rule -- my understanding, that is in
12 3-VECC-38. Maybe we can look at that. I think that
13 is the one that talks about the probabilities.

14 A. BLAIR: Yes, it does. And I think --

15 J. SCOTT: It is a summary. It is an Excel
16 spreadsheet, the attachment. I am sorry. No. So it
17 must be the 3-Staff-93 Excel spreadsheet that shows
18 the --

19 A. BLAIR: If you could move one tab to the
20 right.

21 J. SCOTT: Yeah, if you go to the next tab.
22 Sorry. If you go to the next tab. No. Sorry. On
23 the other spreadsheet. Yeah. So this talks about
24 the likelihood, but I didn't realize that the
25 customer numbers also got applied a likelihood
26 number.

27 A. BLAIR: Yes, that is right. They are applied
28 the likelihood number, but they are not applied that

1 same peak to average ratio, the 70 percent, just for
2 clarity.

3 J. SCOTT: I guess maybe just based on Mr.
4 Harper and Mr. Brophy's questions yesterday and my
5 questions, it is very confusing to try and follow
6 these -- this added load information and the large
7 customer load and how they all correspond.

8 So as I said, I know Mr. Harper asked -- asked
9 questions that are going to be responded to in
10 writing. But if you can include or take a new
11 undertaking to make it very clear how the numbers in
12 the load forecast specifically are determined for the
13 added load, sort of from the original customer list
14 probabilities that are applied to get to what has
15 been added.

16 A. BLAIR: Yes, we can take that undertaking.

17 J. SCOTT: Okay.

18 T. HOBBS: Sorry. That will be Undertaking
19 JT-4.7.

20 **UNDERTAKING JT-4.7: ADVISE HOW THE NUMBERS IN**
21 **THE LOAD FORECAST AT 3-STAFF-93 SPECIFICALLY ARE**
22 **DETERMINED FOR THE ADDED LOAD FROM THE ORIGINAL**
23 **CUSTOMER LIST PROBABILITIES THAT ARE APPLIED TO**
24 **GET TO WHAT HAS BEEN ADDED**

25 J. SCOTT: Thank you.

26 At sort of a high level, adding the likelihood
27 and adding the half-year rule, is that not -- is
28 there not some aspect of double counting in that?

1 A. BLAIR: No. The likelihood is to reflect the
2 probability that the customer will actually attach.
3 We expect some of these customers will fall off the
4 connection list, will not actually connect and pay
5 charges to Elexicon. That is what the likelihood is
6 meant to capture.

7 The half-year rule is meant to capture the fact
8 that customers connect throughout the year. So if a
9 customer is connecting in 2027, for example, at 3
10 megawatts, we are not expecting 3 megawatts in every
11 month of the year. We are expecting it to be halfway
12 through the year or an average if you look at all the
13 72 projects together. They will be connecting
14 throughout the year, and the loads will be coming on
15 throughout the year.

16 J. SCOTT: Okay.

17 Well, if we are going to have an undertaking for
18 that, though, that is my only question, then. I
19 appreciate that. Thank you.

20 And Mr. Rubenstein will have a few questions, I
21 think.

22 M. RUBENSTEIN: Thank you very much. Can you
23 hear me?

24 S. VETISIS: Yes, we can.

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

26 M. RUBENSTEIN: Thank you.

27 I have two brief questions, and they are both
28 going to be undertakings, hopefully. Can I ask you

1 to go to 1-SEC-11. So this is a very helpful
2 interrogatory response, and I was wondering, though,
3 if you could provide an update to this that includes
4 the impacts that flow from -- that flow into the bill
5 impacts in 9-Staff-181, Attachment 1, which is, I
6 understand, the latest bill impacts. And then -- so
7 this is really on the bill impact.

8 If you can scroll down to the end of the -- this
9 interrogatory. There is a number of analyses, but it
10 really comes down to, yeah, Table 4. Do you see
11 that?

12 So I was wondering if you could provide an
13 updated version to this response that would include
14 the impacts that flew into the bill impacts in 9-
15 Staff-181, Attachment 1. So that is the first thing.

16 And then second thing, if you could also include
17 a table that shows the five-year total bill impacts,
18 similar as -- on the -- as you had provided, I think,
19 only to residential customers in the response to 10-
20 CCC-70. So I was wondering if you can undertake to
21 do that?

22 S. VETISIS: So, Mr. Rubenstein, I think we are
23 okay to update the calculations to reflect the latest
24 DVA rate riders. Could you just remind me again what
25 the second ask was?

26 M. RUBENSTEIN: Yeah, if you could include in
27 sort of an additional column, I guess, to these
28 tables at the end that show the total bill impact

1 over the 5 years. It is -- you provided a version of
2 this in your response to 10-CCC-70, but for
3 residential customers.

4 S. VETISIS: Those broader percentage-based
5 values?

6 M. RUBENSTEIN: Well, yes. Just showing what
7 the -- overall, the five-year here -- what the five-
8 year impact is broken down by the catchup and the
9 non-catchup costs, if I may put it that way.

10 S. VETISIS: We can provide that.

11 M. RUBENSTEIN: Thank you very much. And then -
12 -

13 T. HOBBS: Okay. So shall we mark that as one
14 undertaking at JT-4.8?

15 **UNDERTAKING JT-4.8: PROVIDE AN UPDATED VERSION**
16 **TO 1-SEC-11 THAT INCLUDES THE IMPACTS REFLECTED**
17 **IN THE BILL IMPACTS IN 9-STAFF-181, ATTACHMENT**
18 **1, AND INCLUDE A TABLE THAT SHOWS THE FIVE-YEAR**
19 **TOTAL BILL IMPACTS**

20 M. RUBENSTEIN: And then -- so the second
21 question, and it is going to have to be by
22 undertaking, I should -- and I -- I think it is
23 actually -- it was for a previous panel, but because
24 of the topic area, I mistakenly thought it would be a
25 framework question. So can we go to 1-SEC-22.

26 So the context is we had asked you in this
27 interrogatory, with respect to the new stations
28 deferral account, based on Elexicon's planning and

1 participation in regional planning, please provide
2 details regarding potential new stations that could
3 be required to be put in service between 2027 and
4 2031 and provide estimate costs, even at preliminary
5 at this point.

6 And the response was at this time -- I mean, the
7 company is not aware of any new municipal stations or
8 transformer substations that would be required to be
9 put in service between 2027 and '31 other than those
10 included essentially in the plan.

11 And I understand that I had -- my thinking, at
12 least my thinking by asking this question, is
13 presumably the most likely new station project would
14 be one that would -- that would -- planning would
15 require it in the next rate term, and it would be
16 brought forward because, for example, you know, there
17 is more growth in an area than the company had or the
18 -- had presumed, and that may -- but that may be
19 something that the company is aware of or through the
20 regional planning process, so a station, for example,
21 or work that would be expected between, you know,
22 after 2031. And it was that question.

23 So that was the impetus of the question and the
24 understanding, and it wasn't asking, do you know what
25 station would be done, because, obviously, it would
26 be in your plan. But what are the most likely new
27 station work that would have to be brought forward if
28 there -- you know, what is the most likely area that

1 if -- you know, that type of work that you would need
2 to do?

3 I was wondering if you could undertake -- with
4 that context, if you can undertake to, if possible,
5 revise your response to the question?

6 S. VETSIS: So if I understand your question, it
7 is that if there are any known anticipated stations
8 beyond the rate term that might be at risk for
9 advancement if load -- load growth accelerates?

10 M. RUBENSTEIN: Yeah, that is an idea. I am
11 just trying to understand. I mean, you are proposing
12 this account, right, for these stations. And
13 presumably, the most likely -- this is a presumption.
14 I may be incorrect -- the most likely project that
15 would -- if it came to pass, that would be -- costs
16 would be recorded in this account -- would be
17 projects or station projects that would have to be
18 accelerated into this term; right?

19 And based on the company's planning and its work
20 in the regional planning process, what is the most
21 likely of those projects that would -- that would
22 occur and some details about them, right? That is
23 what I am asking.

24 S. VETSIS: We will take it back to engage with
25 the planning team. I don't know what degree of
26 certainty or knowledge they would have for
27 investments past 2031. I mean, the reality is this
28 is actually the longest plan that Elexicon's built,

1 the -- like, the 7-year plan that we did for this
2 application.

3 So with that context, we will take it back on a
4 best-efforts basis and see if we can provide any
5 additional colour for you based on that context
6 you've provided.

7 M. RUBENSTEIN: Thank you very much.

8 T. HOBBINS: Okay. That will be JT-4.9.

9 **UNDERTAKING JT-4.9: REVISE RESPONSE TO 1-SEC-22**
10 **TO INCLUDE ANY KNOWN ANTICIPATED STATIONS BEYOND**
11 **THE RATE TERM THAT MIGHT BE AT RISK FOR**
12 **ADVANCEMENT IF LOAD GROWTH ACCELERATES**

13 M. RUBENSTEIN: And with that, those are my
14 questions. Thank you very much.

15 T. HOBBINS: Okay. So I guess we can move
16 straight forward to VECC. I believe that is Mr.
17 Harper.

18 **CROSS-EXAMINATION BY B. HARPER (VECC):**

19 B. HARPER: Yes, thank you very much. As
20 indicated, my name is Bill Harper, and I am a
21 consultant for VECC. I would like to start off --
22 can we go to your recently corrected version of BOMA-
23 5 that was filed on June 19th. Okay.

24 Now, in this response, you were revising the
25 derivation of the billing and collecting weighting
26 factors used in the 2027 cost allocation model to
27 reflect forecast 2027 cost and forecast 2027 customer
28 count; am I correct?

1 A. BLAIR: Yes. Those two were updated, and
2 there was also a correction to the weighting of one
3 of the accounts.

4 B. HARPER: Okay. And I don't want you to turn
5 it up, but just confirm you also filed a cost
6 allocation model that reflected these changes;
7 correct?

8 A. BLAIR: Yes, that is correct.

9 B. HARPER: Now, could we scroll down to Table 3
10 in BOMA 5? To the top of the page there.

11 Here you set out the costs in the various USofA
12 accounts that used for purposes of determining the
13 weighting factors; correct?

14 A. BLAIR: That is correct.

15 B. HARPER: Now, the problem was when I compare
16 these costs with what are reported in the "Trial
17 Balance" tab for the cost allocation model for the
18 similar USofA accounts, I don't see the same numbers.
19 And maybe just as an example, if we just remember we
20 have collections here at 1,632,000. We will skip the
21 dollars at the end. Maybe if we could go to the cost
22 allocation model that was filed in conjunction with
23 BOMA-5 that would be an Excel spreadsheet.

24 D. COBAN: Just give us a moment to retrieve
25 those materials.

26 B. HARPER: If you are having difficulty, I can
27 just continue my questioning and -- because I am just
28 going to ask you at the end to sort of go back and

1 look at it again.

2 I am just trying to point out what appears to me
3 to be some of the inconsistencies. So if you are
4 having difficulty loading it, perhaps in the interest
5 of time we can proceed just as we are, if that is
6 okay.

7 A. BLAIR: Yes. We can take that back and
8 explain the differences.

9 B. HARPER: Because when I look at it the Excel
10 spreadsheet, I don't see 1.632 in row 415 of the
11 "Trial Balance" tab, I see 1.652. So there is a
12 difference there.

13 And if I look at the other USofA accounts, I see
14 similar discrepancies. So, I guess, would you agree
15 with me that there appears to be some inconsistency
16 here in the calculation presented in BOMA-5?

17 If you scroll down, it is the "Trial Balance"
18 tab which should be Tab I3. If you scroll down to
19 row 415 on the Excel spreadsheet, you will see it is
20 1.652, not 1.632 as was used in the BOMA-5.

21 Like I say, I just point that out as an example
22 because there are similar discrepancies in the other
23 USofA accounts that you used in the calculation, and
24 I just wanted to point that out that there appears to
25 be an inconsistency. And do you agree with that?

26 S. VETSI: We can take it back to see. I agree
27 that we do see a difference. It's like, you know, 20
28 -- 30K-ish here.

1 B. HARPER: I have got some other
2 inconsistencies that I want to note for you to take
3 back at the same point in time. That is why I said
4 let's pause on the undertaking until we are
5 finishing.

6 S. VETSIS: Are they of similar magnitude?

7 B. HARPER: I don't know. You know, there is --
8 if I can go down to -- if I go back to Table 4 in the
9 BOMA-5. If we look at Table 1 -- if we look at Table
10 1, if we go up to Table 1, under "Collections," you
11 have different weightings for the large GS classes
12 and the large-use class than you do for the other --
13 than you do -- excuse me.

14 Maybe I have got this wrong. I apologize. I
15 apologize. No, I am sorry. I was looking at the
16 wrong column. I apologize. But if we go down -- if
17 we go down to Table 4 and we look at sort of your
18 derivation of the 1,756 for the average cost for
19 customer service.

20 Now, when I take the cost that you reported
21 there and I take the weighted number of customers, I
22 don't get 1,756. I get a different number.

23 And it's okay. I was just wanting to ask you
24 overall if you could, as an undertaking, go back and
25 review these calculations and make sure, one, they
26 are using the right costs and they are using the
27 right weightings and derivation of the weightings
28 throughout, and give me a revised response to the

1 extent one is necessary.

2 A. BLAIR: Yes, we can undertake to do that.

3 The answer could be that the Table 3 -- those figures
4 need to be updated and remainder is correct, but we
5 can confirm that.

6 B. HARPER: Okay, fine. Thank you.

7 T. HOBBS: Okay. That will be undertaking JT-
8 4.10.

9 **UNDERTAKING JT-4.10: REVIEW THE CALCULATIONS**
10 **FROM BOMA-5 AND CONFIRM WHETHER THEY ARE USING**
11 **THE RIGHT COSTS, THE RIGHT WEIGHTINGS, AND**
12 **DERIVATION OF THE WEIGHTINGS THROUGHOUT, AND**
13 **PROVIDE A REVISED RESPONSE TO THE EXTENT ONE IS**
14 **NECESSARY, AND IF THE CAM IS REVISED, PROVIDE AN**
15 **UPDATED VERSION OF EE-7-BOMA-5, COMPARISON OF**
16 **CAM RESULTS, REFLECTING THE RESULTING IMPACTS**

17 B. HARPER: Can we go to -- it will be
18 attachment -- Staff-1, Attachment 6, which is the
19 updated cost allocation model you filed in
20 conjunction with the interrogatory responses. 611,
21 Attachment 6, I believe, which is just up a little
22 bit more here -- right there, yeah. That is it.

23 Could we go to Tab I6.2? Actually, I believe
24 that is the one you are on right now. And if you
25 look at row 21, "reports to the number of customers."
26 And we will see here -- maybe you can just keep these
27 numbers in your mind -- for the GS less than 50, it
28 is 12,170. For the GS 50 to 2,999, it is 1,516. For

1 the larger GS class, it is 13. And for the large use
2 class, it is 6. Okay.

3 Can we now go to Tab I7.1, which is the "Meter
4 Capital" tab. And you will see here in this tab, the
5 counts you are using for numbered meters are exactly
6 the same. It's 12,170, 1,516, 13, and 6 across --
7 across the four customer classes.

8 If we go to Tab I7.2. And, again, across the
9 customer classes, it is the same numbers again for
10 number of meter reads -- number of meters you
11 reading; 12,170, 1,516, 13, and 6. Okay. So you are
12 using the same numbers across all those.

13 Now, can we go to VECC-69A. Here you indicate
14 that there are 12 general service customers in the
15 50,299 class and two general service customers in the
16 larger general service class that each have two
17 meters own by Elexicon.

18 Which would -- led me to think that in terms of
19 meter capital accounts, for those two classes, the
20 numbers should be higher than just the number of
21 customers to account for these extra meters. Would
22 you agree with that?

23 A. BLAIR: The meter counts and meter reading
24 counts were set to be equal to the number of
25 customers. So the few customers that there are two
26 meters are not accounted for.

27 B. HARPER: And similarly on the meter reads,
28 they would not be accounted for on the meter reads

1 either; is that correct?

2 A. BLAIR: Yes, that is correct.

3 B. HARPER: Now, if I go down -- what interested
4 me was the response to Part B where it says that
5 wholesale market partnerships own their own meters.
6 And this includes five GS customers in the 50 to
7 2,999 class and one large-use customer.

8 You say they are on their own meters. Do you
9 mean that there is -- Elexicon does not own any of
10 the meters on those customers?

11 S. VETISIS: I believe so. We would just have
12 read access.

13 B. HARPER: Okay. So you would be reading them
14 but you wouldn't be owning them again.

15 Again, that seems to me that would require you
16 to make some adjustments to your "Meter Capital" Tab
17 I7.1 in terms of the number of meters that are owned
18 by Elexicon and, therefore, you have capital in your
19 rate base on them?

20 A. BLAIR: Right. For Part A, there should be a
21 higher count, but that offset by --

22 B. HARPER: Right. Right. Okay.

23 So maybe at some point in time, do you agree we
24 should probably, just for accuracy purposes, update
25 the cost allocation to reflect those two changes?

26 S. VETISIS: We are happy to incorporate those at
27 the time of the draft rate order.

28 B. HARPER: Okay, fine. I just -- I figured --

1 okay. That is fine. Okay. I think that covers that
2 off.

3 Now, could we turn to Exhibit 7, Tab 1, Schedule
4 1, page 8. Down to page 8. Keep going down. I was
5 wanting to -- going down, it is on the "Revenue" tab.
6 Here you talk about how you explain how you derive
7 the 2026 current rates that you used in the Tab I6.1
8 of the cost allocation model.

9 And then really what you did was to derive those
10 rates, you looked at the 2026 rates for each of your
11 rate zones, and then you basically weighted them by
12 the relevant 2026 forecast billing determinants to
13 come up with the weighted average rate. And that was
14 the rate that you used in the cost allocation model;
15 am I correct?

16 A. BLAIR: Sorry, did you say 2026 billing
17 determinants?

18 B. HARPER: No, sir. No. The -- I meant to say
19 2027. And thank you for catching me on that.

20 A. BLAIR: Yeah.

21 B. HARPER: It would be the 2027 billing
22 determinants; right?

23 A. BLAIR: Yes, that is correct.

24 B. HARPER: Okay. Now, as part of the
25 interrogatory responses, Elexicon has updated its
26 load forecast for 2027. And I believe you updated
27 both the customer counts and the kilowatt hour values
28 for 2027; is that correct?

1 A. BLAIR: Yes, that is correct, as well as bill
2 demand.

3 B. HARPER: Now, when I looked at the weighted
4 2026 rates used in the updated cost allocation model,
5 they were exactly the same as the ones used in the
6 original filed model.

7 So I guess my question is did you go back and
8 recalculate the weighted 2026 rates based on your new
9 forecast for 2027 billing determinants to come up
10 with new weighted numbers, or was that just oversight
11 when you were preparing the updated low -- updated
12 cost allocation model.

13 A. BLAIR: Those rates were not updated at that
14 time. It is still based on the original 2027 billing
15 determinants for the purposes of the weighted average
16 rates.

17 B. HARPER: Right. I guess one is -- I am not
18 too sure I want to go through the whole cost of
19 allocation, but I was wondering if you could
20 undertake to just recalculate what those 2026
21 weighted rates would be based on the new forecast
22 billing determinants.

23 At that point in time, we could then look at
24 them and decide how material the difference is. Or
25 at least we will understand what the difference is.
26 If you can do that as an undertaking, that would be
27 useful.

28 A. BLAIR: Yes, we can take that undertaking.

1 B. HARPER: Thank you very much.

2 T. HOBBINS: That is JT-4.11.

3 **UNDERTAKING JT-4.11: RECALCULATE WHAT THE 2026**
4 **WEIGHTED RATES WOULD BE BASED ON THE NEW**
5 **FORECAST BILLING DETERMINANTS FROM EXHIBIT 7,**
6 **TAB 1, SCHEDULE 1, PAGE 8**

7 B. HARPER: Can we now go to Staff-152, Part A.

8 Here you describe how the load profile for the
9 residential EV assumption was derived with, if I
10 understand it correctly, half of the EV load being
11 spread evenly across just the ULO hours and those
12 off-peak hours and another half being spread equally
13 across all other hours of the year. Have I got that
14 roughly correct?

15 A. BLAIR: Yes, that is correct.

16 B. HARPER: I guess I was just wondering was
17 there any sort of -- was that spread or that approach
18 based on any particular, actual data that you had
19 available to you in terms of, you know, what the EV
20 load -- what EV load for residential class looked
21 like? More or less, what was the basis for the
22 approach you took there?

23 A. BLAIR: It is not based on a specific
24 calculation. It would have been expressed that there
25 -- 50 percent is the adjustment, and Elexicon did not
26 disagree with that as a reasonable split. But it was
27 not a calculation made for that.

28 B. HARPER: Well, I mean, a calculation sort of

1 -- there wasn't any sort of data or information from
2 other jurisdictions that you had that sort of helped
3 inform that split? That was just based on your own
4 professional judgement, I guess?

5 A. BLAIR: That is right. No other
6 jurisdictions because the specifics of the rate may
7 not lead itself very well to being compared to other
8 jurisdictions, but other LDCs as well and what they
9 have reported for a percent of customers.

10 B. HARPER: Well, you mentioned ultimate LDCs
11 because I was wondering whether you looked at the
12 bulk profiles that were used by other Ontario
13 utilities in their cost of service applications, and
14 the one that comes to mind is Burlington Hydro, its
15 2026 rate application, where they used rate EV load
16 profiles from New York State, which interesting
17 enough, also offers some of the rates similar to
18 Ontario's ULO.

19 So you didn't sort of look at what other
20 utilities were using in terms of their load profiles
21 as part of your work up to making this assumption; am
22 I correct?

23 A. BLAIR: I have looked at other load profiles.
24 I calculated those load profiles for Burlington
25 Hydro. I had inferred from questions I received that
26 that approach was not preferred, perhaps, by
27 intervenors. I could be wrong about that, but I
28 thought I went back to the drawing board based on

1 what I had thought how that went.

2 B. HARPER: I don't recall that being a matter
3 of dispute in the final settlement proposal that was
4 filed for Burlington Hydro, but that is fine. We
5 will leave it at that.

6 Now, could you go to Staff-152, Part B. And
7 here you outline, I guess, the -- your assumptions
8 for the load profile for the non-residential classes
9 and the EV load for nonresidential classes. As I
10 understand what you did here is you spread the
11 consumption evenly over all hours of the year.

12 A. BLAIR: That is right.

13 B. HARPER: Am I correct?

14 And, actually, if one was to follow through on
15 that assumption, would that mean that the billing
16 demand load factor would effectively be 100 percent?

17 A. BLAIR: The split among hours is not
18 necessarily a forecast that consumption will be equal
19 in every month. But the -- there is no basis for
20 saying, oh, it will be high in some hours, but other
21 hours and when that will coincide with peaks, sort of
22 unknown. So the load is just split evenly so that
23 there is some contribution in every hour.

24 B. HARPER: Right.

25 But sort of just to answer my question, if one
26 was to use -- one was to assume a load had a hundred
27 -- had an even spread over the entire year, that
28 would be equivalent -- if it was billed on billing --

1 if it had a billing demand to basically a billing
2 demand load factor of 100 percent; correct?

3 A. BLAIR: Yes, that is -- that would be
4 correct.

5 B. HARPER: Okay.

6 Now, can we go to Exhibit 3, Appendix A, page
7 110. Just to be clear, this report was prepared by
8 yourself, if I am not mistaken; correct?

9 A. BLAIR: Yes, that is correct.

10 B. HARPER: So if I scroll down, I think it is
11 maybe -- I just can't remember where in this. No.
12 It is just at the top, at the very top of the page
13 there. You will see there it talks about how the
14 assumption you used here when you were coming up with
15 the incremental billing demand for these -- for the
16 EV load for the non-residential rate classes was you
17 used a 10 percent billing demand load factor, which
18 is substantially different than the hundred percent
19 we used before.

20 And I was wondering, did you give any thought
21 when you were writing this and doing the load
22 profiles as to the consistency between the two of
23 them? Like, there seems to be a real inconsistency
24 here between the assumption you used for the cost
25 allocation and what you used here when you are kind
26 of deriving the billing determinants.

27 A. BLAIR: They are used for quite different
28 purposes. And for this one, it is individual

1 customers, how much consumption relates to EVs and
2 how that converts to their own monthly peak demands
3 versus how much happens in the system peak hours that
4 coincides for the purposes of determining those
5 demand allocators if those customers -- exactly when
6 they have those demands that contribute to their bill
7 demands.

8 B. HARPER: So maybe to put it another way, you
9 are assuming that on an individual customer basis,
10 the load will not be a hundred percent -- will not
11 have a hundred percent load factor individually, but
12 collectively, when you put them all together, you are
13 making an assumption that it will -- it will -- it
14 will be flat when you add them all because they are
15 each performing -- they each -- they are each
16 performing at a different point of time or recharging
17 at different points in time; is that a fair way of
18 characterizing how you would reconcile the two?

19 A. BLAIR: I would say the demand profiles
20 forecast is not necessarily -- not forecasting demand
21 will be equal in every hour, but the likelihood that
22 EVs are contributing to the peak is consistent in
23 each hour.

24 B. HARPER: Okay.

25 A. BLAIR: So in terms of the cost
26 determination, should customers pay more if we could
27 push more hours, more load into those peak hours, and
28 it would allocate more cost to those customers, but

1 it would not necessarily be a reasonable basis to do
2 so.

3 B. HARPER: Okay. No, it just struck me -- I
4 was looking at the two, and I was having -- 10 seemed
5 a lot different from 100. That was all I was having
6 a problem with. Okay.

7 Can we go to your response to BOMA Number 2. It
8 is at page 4 of that response. I don't know if you
9 are going to help me with this at all. This may be
10 stretching things a bit. Right there, it says --
11 here you say -- here you indicate that there are
12 differences between the definition of "residential"
13 in Exhibit 2B and Exhibit 3.

14 And Exhibit 2B includes households that are in
15 multi-unit residential buildings. They may be
16 general service customers. Well, and Exhibit 3
17 includes only those customers that are billed under
18 the residential service classification.

19 On your service area, is it fair to say that you
20 have multi-residential buildings where the individual
21 units are metered by Elexicon and billed as
22 residential customers? I would think this would
23 probably be mainly condominiums where the units are
24 owned individually by the --

25 S. VETISIS: Probably, but it would have been a
26 better question for Ms. Romano. My understanding,
27 though, is that it is not common practice for us.

28 B. HARPER: Okay.

1 So that -- because basically, the other type of
2 buildings would be multi-residentials that are -- I
3 think the old term they used to use was "bulk-
4 metered," for want of an expression.

5 And these are the ones that are being referred
6 to here where the -- where it is a general service
7 customer that is being bulk-metered, and then either
8 the apartment owner is doing suite metering or
9 including in the rent, but somehow it is all -- it is
10 invisible to you, is basically -- is basically what
11 it is; is that correct?

12 S. VETISIS: I will be honest, I lost track of
13 the question. Do you mind just resaying it?

14 B. HARPER: Okay. I guess all I was saying was
15 what you were referring to in this response was the
16 bulk-metered buildings where there is just one meter
17 on the building, and after that, the landlord figures
18 out in his own way how he is going to collect the
19 cost for heating from customers, but it is no
20 business of Elexicon's basically.

21 S. VETISIS: Well, it is our business in that
22 they are a valued general service customer.

23 B. HARPER: Right. But not in terms of how it
24 gets collected from --

25 A. BLAIR: Yeah.

26 B. HARPER: -- unit-holders? Right. Okay.

27 Now, I guess -- and maybe this, again, would
28 have been a question -- do you have any idea how many

1 of these bulk meter residential buildings you have in
2 your service area or not really?

3 S. VETSIS: I would be speculating there.

4 B. HARPER: Okay.

5 I just want to -- with respect to Staff 93 where
6 you have a list of the 72 applications, do you know
7 how many of those -- would you have any insight as to
8 how many of those are actually -- would -- you would
9 anticipate are related to bulk-metered residential,
10 multi-residential buildings? And this -- I would be
11 focusing just on the new customers as -- well, I am
12 not too sure if an existing customer of that nature
13 would be expanding its load by much, but whether, as
14 new customers on that list, any of them would be
15 bulk-metered buildings.

16 And if this is something you have to -- you have
17 to take away to look back at sort of some of the
18 source information, I am perfectly willing to have
19 you do this as an undertaking.

20 S. VETSIS: If we could bring up the Excel sheet
21 for Staff-93 and just show, visually, there is a
22 column that provides a high level -- it is not in
23 detail, but it does talk about customer type.

24 B. HARPER: Well, it does talk about customer
25 type, but I am sorry -- okay. So it does get into --
26 well, I guess -- okay. And maybe it does get down to
27 the level of detail I was looking for. Because I
28 think one of my written questions to you was to ask

1 you to identify which of these were new customers
2 versus existing customers. And so once I get that
3 information and combined with this, I should be able
4 to identify how many of the -- how many multi-
5 residential buildings on this list are new customers;
6 correct?

7 S. VETISIS: The only thing that gives me pause
8 is that this list, obviously, is 1 megawatt and
9 above. And so I -- you know, there may be other --
10 you know, not dealing with every connection in our
11 service territory --

12 B. HARPER: Right. Okay. But --

13 S. VETISIS: -- there is a possibility that there
14 may be such buildings --

15 B. HARPER: Right. Okay. And --

16 S. VETISIS: -- at a lower load than that.

17 B. HARPER: And that is a useful -- and that is
18 a useful caveat to understand, so thank you very
19 much. I think with the other information you are
20 going to provide me, I probably have what I am
21 looking for. Okay. Thanks.

22 Could we go to Staff-1, Attachment 1, which is
23 your updated 2027 revenue requirement work form, and
24 look at Tab 11. It's Tab 11, which is the "Cost
25 Allocation" tab. And if we scroll down to Part C.
26 There is a Part A, a Part B, and there is your Part
27 C. Right. Okay. Where it sets out the status quo
28 ratios and the proposed ratios for 2027.

1 Now, would it be fair to say that Elexicon -- in
2 coming up with and looking at the status quo ratios
3 and then trying to determine what the proposed ratios
4 are, is it fair to say that Elexicon's general
5 approach was to identify any revenue-to-cost ratio
6 that needed an adjustment because it was outside the
7 Board's policy range or any revenue-to-cost ratio
8 that needed an adjustment for rate mitigation
9 purposes, to adjust those, and then to make up any
10 revenue deficiency by identifying those classes with
11 the lowest revenue-to-cost ratios and increasing them
12 to a common value?

13 That is my understanding, generally, of the
14 methodology that you used. Is that correct?

15 A. BLAIR: That is correct. Those are the three
16 steps. I would say we do Step 1 and then Step 3 and
17 then Step 2 --

18 B. HARPER: Okay.

19 A. BLAIR: -- the order of them.

20 B. HARPER: Now, I guess -- and for -- and for -
21 - and for all the other rate classes where the ratio
22 isn't changing, that would effectively mean that
23 there is no change in the revenue-to-cost ratio, so
24 all of those rate classes would generally see the
25 same average distribution rate increase; right?

26 A. BLAIR: Yes, that is correct, although with
27 the caveat that it is harmonizing two rates zones so
28 --

1 B. HARPER: Right. I know. Once you -- once
2 you -- like, on a harmonized basis, the rates are
3 going up for all those other classes by the same
4 percentage. But for those classes where you change
5 the revenue-to-cost ratio, they are going to see a
6 different average rate increase; correct?

7 A. BLAIR: Yes, that is correct. But, again,
8 small caveat with the --

9 B. HARPER: With the weighted average, yes.

10 A. BLAIR: Weighted average and the fixed and
11 variable --

12 B. HARPER: Yeah, well, I was talking about a
13 class level as opposed to at an individual customer
14 level, which is where -- really where the fixed
15 variable split comes in; correct?

16 A. BLAIR: Correct. From a revenue recovery --
17 from a class perspective.

18 B. HARPER: Okay.

19 Now, can we go to Exhibit 7, page 24, at line
20 14. Page 24, line 14. And here you state Elexicon
21 is not proposing revenue-to-cost ratio adjustments in
22 the 2028 to 2031 period; correct? So I guess what
23 you are saying here is after 2027, you aren't going
24 to be making any adjustments to your revenue-to-cost
25 ratios; is that a fair interpretation of that?

26 A. BLAIR: Yes. And this paragraph relates to
27 the prior paragraph speaking about sentinel light
28 mitigation.

1 B. HARPER: Oh, so it is not referring generally
2 to -- I thought it was referring to all customer
3 classes?

4 S. VETISIS: From a rate design perspective, that
5 is true. We are not going to be updating the cost
6 allocation each year.

7 B. HARPER: Yeah, so in essence, your -- your
8 sort of view is you are not going to be changing the
9 revenue-to-cost ratios after 2027 not only -- not for
10 standalone, but for other customer classes as well?

11 A. BLAIR: Yes. We will not be calculating any
12 cost ratios and readjusting revenues on that basis in
13 2028 to 2031.

14 B. HARPER: With -- sort of with the discussion
15 we have had together in mind, can we now go to Staff-
16 1, Attachment 2, which is the revenue requirement
17 work form for 2028 and, again, go to Tab 11, which is
18 the "Cost Allocation" tab. It would be the next tab
19 -- it would be two tabs back, Tab 11. And, again,
20 scroll down to Part C.

21 Now, I guess what I was having difficulty with
22 was when I look at the status quo ratios for all the
23 customer classes, they are all within the range --
24 they are all within the Board's policy range;
25 however, Elexicon still seems to be making changes to
26 virtually all the revenue-to-cost ratios and in some
27 instances, such as the GS less than 50, has moved the
28 ratio farther away from one; in other cases such as

1 large use, has moved the ratio from above to below a
2 hundred percent.

3 And I was just trying to reconcile these
4 adjustments you are showing here as being
5 illustrative of what you will do for 2028 with the
6 discussion we've just had, one, in terms of the
7 methodology you proposed to use and also in terms of
8 your statement that you weren't going to be changing
9 the revenue-to-cost ratios after 2027.

10 So maybe if you could just reconcile what I am
11 seeing here with the methodology you were proposing
12 to use, which is don't change them if they are within
13 the range, and also with your statement that you
14 weren't going to be changing them.

15 S. VETISIS: So, Mr. Harper, you know, as you
16 know, we are proposing incentive rate-setting
17 framework. The model that we have here is one that
18 is designed for a one-year cost of service
19 application, and so trying to provide a complete
20 record, you know, provide calculations of revenue
21 requirement, we are trying to shoehorn incentive
22 rate-setting framework into this model that isn't
23 really designed for this purpose.

24 So our statement earlier does remain true. We
25 are only doing cost allocation in the first year and
26 then following the approach to rate design in the
27 subsequent years that is -- that is shown in Exhibit
28 8.

1 B. HARPER: But you will agree with me that, you
2 know, you have, in your application here, shown rates
3 for forecast rates. I mean, they are illustrative
4 rates based on your assumption -- using assumptions
5 about inflation, which, obviously, will be updated,
6 you know, for Board actual inflation, et cetera.

7 But you have shown illustrative rates for the 5
8 years, and I think Mr. Rubenstein had asked you for
9 information on, you know, average rate increases for
10 each of the classes over the years.

11 And it is following the results from these
12 revenue requirement work forms that you have derived
13 the rates for each of the years '28, '29, '30, '31,
14 and subsequently are then feeding into the numbers
15 that you are going to be -- that you've presented in
16 your application and are going to be using in
17 responses to the questions such as Mr. Rubenstein
18 asked earlier today.

19 So I guess it seems to me that, you know, if you
20 were shoehorning it, you know, what you would have
21 done is, you know, basically just, as we talked about
22 earlier, if you don't change the revenue-to-cost
23 ratio, everybody's rates go up by the same amount --
24 we talked about that earlier today -- so that if you
25 are proposing no change in the revenue-to-cost
26 ratios, you would just be increasing the -- you know,
27 the average rate increase for customer class by the
28 same amount for every class in each of your years,

1 '28 through '31, whereas that isn't what has happened
2 in the material you have presented here.

3 And so -- but if your intent at the end of the
4 day is to do what you said you were going to do, then
5 I guess we can just take that would require some
6 adjustments to the numbers we are seeing here, but at
7 least they understand what your intent is, which I
8 guess is the important thing to understand at this
9 point in time.

10 So maybe if you just confirm that your intent is
11 not to change the revenue-to-cost ratios after 2027,
12 which effectively would mean all customer classes
13 seeing the same average increasing their distribution
14 rates?

15 S. VETISIS: I wouldn't fully agree. I am all
16 the way with you except for the same average
17 distribution rate increase. I think under our -- and
18 you correct me if I am wrong -- under our methodology
19 from a rate design perspective, we start with our
20 custom revenue cap adjustment, we adjust our revenue
21 requirement formulaically using that formula. We
22 split that across each of the classes based on the
23 proportion of the costs that were allocated in '27 so
24 that proportionate shares stayed the same. And then,
25 of course, we leveraged the charge determinants
26 themselves.

27 And so you are right, the specific rate
28 increases per class may not align perfectly because

1 you might see slightly different rates of charge
2 determinant growth for the different classes.

3 B. HARPER: I guess that was fundamentally my
4 concern with your approach, but I -- which I think,
5 you know, we -- which you have confirmed and I don't
6 agree with, but that is a matter for argument and a
7 matter for discussion at a future point and date.
8 And we will talk about it then.

9 S. VETISIS: And just -- not argument, but just
10 to state it is also aligned with other approaches
11 that have been approved prior for revenue cap indices
12 in terms of its application.

13 B. HARPER: I remember having the same
14 discussion with Hydro One, actually, to tell you the
15 truth, but we will leave it at that.

16 And I guess similarly and actually, there is a
17 similar issue I have with the fixed variable because
18 if we go back to Exhibit 8, Tab 1, Schedule 1, page
19 5. At line 2 -- excuse me, no, this is page 5, line
20 2. Here you talk about the calculation of the fixed
21 variable portions.

22 And, actually, I know the issue here is we are
23 using weighted rates, but at the end of the day,
24 recognizing, you know, you are using a weighted rate.
25 But the fixed variable split for 2027 that you are
26 using is effectively applying those weighted rates
27 for each class to the 2027 billing determinants
28 coming up with the fixed and variable portions based

1 on that, and that is how you determined your fixed
2 variable split for 2027, if I am not mistaken?

3 So, basically, it is applying the existing rates
4 to the forecast billing determinants, fixed versus
5 variable, and that is how you come up with the fixed
6 variable split for each class?

7 A. BLAIR: Yes. Except in '27, there are a
8 number of --

9 B. HARPER: Yeah. You know --

10 A. BLAIR: -- ceiling. That is always a caveat.

11 B. HARPER: Right, yeah. Okay.

12 And then I think -- and so -- and then you state
13 your objective is to maintain the same fixed variable
14 split for 2027 as existed in 2026. That is
15 effectively what you are trying to do through that
16 calculation is maintain the same fixed variable split
17 in '27 as you had in '26 on an aggregated weighted
18 customer basis? If we can add that qualification.

19 A. BLAIR: I am not sure I would agree with the
20 qualification on an aggregate basis. I think each
21 individual class, if they hit the ceiling, then more
22 is required from variable charges. So there would be
23 more in 2027 --

24 B. HARPER: No. I mean when you -- I am not
25 talking about how to calculate the actual rates --
26 before you calculate the rates when you are just
27 determining the fixed variable split itself. I mean,
28 we haven't gotten to the -- looking at the minimum

1 system result and all that stuff.

2 We are just talking about the calculation of the
3 fixed variable split to begin with and that in
4 applying the 2026 rates to 2027 billing parameters
5 and looking at the fixed variable split that way, the
6 objective is to maintain the same fixed variable
7 split in 2027 as you would have had in 2026.

8 A. BLAIR: Yes, I would agree with that.

9 B. HARPER: Okay. Now, can we go to VECC-75A.
10 And here in Part A, you just basically state that --
11 here you explain that how you propose to determine
12 the fixed variable splits for each of the non-
13 residential classes in the years '28 to '31.

14 And effectively, what you say here is you are
15 going to use the fixed revenue percentage from 2027
16 and just apply that to what's the revenue requirement
17 for the class each of the subsequent years, and that
18 is how you will determine the fixed portion and
19 equally take the variable percentage that you had in
20 2027, apply that to the revenue requirement for any
21 of the forecast years, and that will determine the
22 variable portion to be recovered through rates in
23 each of those future years.

24 Have I got that correct?

25 A. BLAIR: Yes.

26 B. HARPER: Okay. And can we agree that by
27 using the 2027 fixed variable percentages is not the
28 same as determining the fixed variable portions for

1 each year based on the forecast, test years, billing
2 determinants, and the previous year's actual rates,
3 basically as you did for 2027?

4 Can you agree that the approach you are using
5 here will give you a different result than if you
6 were to use an approach similar to what you did for
7 2027?

8 A. BLAIR: Yes, it would be different. It
9 wouldn't be the same calculation. I am not sure the
10 magnitude of the difference.

11 B. HARPER: Okay. Okay. Okay. Now, I think
12 that is fine. We agree there is a difference in the
13 methodology. We can leave it at that.

14 Actually, since I am well under my time
15 estimate, I have one question here which I had not
16 asked the Panel 2. There was some questions in my
17 mind as to whether it was Panel 1, Panel 2, or Panel
18 3 it should go to. So I would like to pose it to you
19 now and see whether or not you feel comfortable
20 answering it because it does have to do with the load
21 forecast, actually.

22 And so if you could return to your response to
23 VECC-35C. Is that 35? Okay, okay. No, maybe I have
24 got my reference wrong here. Sorry. I apologize. I
25 have my reference wrong here. So I will just let
26 that pass. Those are all my questions. Thank you
27 very much, Panel.

28 T. HOBBS: Thank you, Mr. Harper. So it is

1 12:45. I don't know if we want to take the lunch
2 break now or we want to continue with BOMA, assuming
3 BOMA is prepared to proceed. They have about 30
4 minutes of scheduled time. I don't know if, Mr. Li,
5 you are on the call.

6 C. LI: Do you see me?

7 T. HOBBINS: Yes.

8 C. LI: I am okay to proceed. I mean, I can
9 wait until after lunch. I am okay too. It is really
10 -- I am -- it's up to you and the Panel.

11 S. VETISIS: Go ahead, Mr. Li.

12 **CROSS-EXAMINATION BY C. LI (BOMA)**

13 C. LI: Okay. Just give me one second here.
14 Give me a second here. Sorry for that.

15 Okay. Good afternoon, Panel. Clement Li
16 representing BOMA Toronto. On Monday when I was
17 talking to Panel 1, in a couple occasions, I was
18 directed to this panel, Panel Number 3, so I would
19 like to address those outstanding questions first.

20 Now, the first one, I think this might be --
21 well, anyway, I am going to go ahead anyway, but I
22 think it is addressed by Ms. Scott earlier already.
23 But I am going to give it a try, and you tell me if
24 it is part of that.

25 So if you go to the IR response 1-PP-21, Part D.
26 And -- yeah, okay. And then Elexicon's response
27 confirms that you applied a billed to peak demand
28 ratio of 70 percent to all large load connection

1 forecast. And this ratio is there to basically -- to
2 recognize that some customers don't reach their
3 previously-anticipated demands.

4 On Monday I was asking for an undertaking to
5 provide the supporting calculations, how you come up
6 with the 70 percent. But do you agree that, like,
7 there was a whole exchange between you and Ms. Scott
8 earlier about this different way to -- it is more
9 than the 70 percent. It is how to count it.

10 Would you make sure that if you can include in
11 that undertaking also including the 70 percent, or do
12 you rather take it as a separate undertaking? It is
13 up to you.

14 Because my -- I am very specifically interested
15 in how did you come up with the 70 percent ratio, and
16 I want to see how you calculate it.

17 A. BLAIR: That 70 percent number does not come
18 directly from a calculation. It was discussed, and
19 there was some difficulty about calculating such a
20 number. It is largely based on some adjustments
21 other utilities have made. So we can explain some of
22 that, how those adjustments are applied.

23 It is really -- it is kind of for two different
24 things at the same time. One is the difference
25 between what the customer says they will be -- their
26 peak load will be, and then their actual peak loads,
27 and then also the monthly variation of average demand
28 in each month compared to their peak demand -- their

1 actual peak demand.

2 So this is from, you know, what is called "name
3 plate demand" down to actual peak demand and then
4 down to average monthly demand. So it is a 30
5 percent adjustment down, so it is -- a 30 percent
6 factor is left.

7 C. LI: But it must be -- based on your
8 experience, past experience; right? When you look at
9 customer, the nameplate, what they anticipated, and
10 then what is realized at the end. But would it be
11 based on last five years, three years, that kind of
12 thing? Like, I am just curious.

13 S. VETISIS: As Mr. Blair stated, it is a -- sort
14 of a common industry assumption that is used by other
15 utilities in these kinds of calculation which we
16 validated with our own planning team who felt that
17 the magnitude was reasonable based on their
18 experience. However, we did not go to the lengths of
19 doing the detailed calculations on our own to do an
20 Elexicon-specific value.

21 C. LI: Okay. So it is like you hear it, and
22 when you talk to the planning team is roughly within
23 the ballpark, and then you accept that with those
24 specific calculation of Elexicon's historical
25 customers ratio; is it correct?

26 S. VETISIS: Sorry, I missed the last part of
27 what you said.

28 C. LI: Without doing specific Elexicon customer

1 calculations, you know, based on what they
2 anticipated or the nameplate versus what -- how much
3 load realized at the end.

4 S. VETSI: Correct. It was validated through
5 the judgement of the planning team and some other
6 recent experience that they saw.

7 C. LI: Okay. Okay. Fair enough. Thank you.
8 Okay.

9 So number 2 outstanding question from Panel 1,
10 it has to do with Elexicon's response to the IR 3-
11 BOMA-2, Part B. So if you can bring it up, it will
12 be useful. Specifically, we were talking about Table
13 6. So I will wait until you get there.

14 By the way, I am sorry. If you -- I know it is
15 off -- the name of BOMA is not correct in your IR. I
16 just want to give on the record. BOMA stands for
17 Building Owners and Managers Association. I think
18 you have something like "operation maintenance" or
19 something like that. It is not important.

20 Okay. Anyway, going back to the question.
21 Okay. So on Monday I was asking Panel 1 as an
22 undertaking to expand this Table 6 to add a column
23 for each category of forecast driver or assumption to
24 indicate the magnitude of the contribution of each
25 driver, and then Mr. Khan pointed me to CCC-15, the
26 Excel attachment, Tab F. Which I think it satisfies
27 part of my request but only part.

28 What is still missing is the -- obviously the

1 revenue load forecast side because Mr. Khan confirmed
2 that on Monday that CCC-15F is only about the system
3 peak demand load forecast only, and I -- I need both.
4 I need both the system peak demand load forecast
5 drivers, and also, I need the revenue load forecasts
6 too.

7 And also on top of that, when I compare CCC-15F
8 in terms of the categories, compared to Table 6 in
9 BOMA-2, there is one missing category, CDM, which is
10 -- so what I am asking today, again, for an
11 undertaking.

12 I think it makes sense to use the CCC-15F format
13 as a base because I think I like that -- that makes
14 sense -- and build it up from there and add the new
15 CDM category there and then also basically duplicate
16 CCC-15F but have revenue peak load forecast drivers
17 on top of it and put them side by side. And if we
18 can do that, that will be wonderful. Can you -- can
19 you do that as an undertaking?

20 Side by side, top, bottom. It doesn't matter.
21 But, like, this is peak demand forecast drivers, and
22 if you can have something very similar. You wouldn't
23 have all the scenarios obviously, but it would be
24 just revenue, load forecast, drivers, same -- like,
25 EV, building electrification, customer growth. And
26 then if you can add CDM to it, then I think that is
27 all I am asking for.

28 A. BLAIR: I think for some of the reasons you

1 discussed with Panel 1, the forecast methodologies
2 are different, and it is not -- it is not exactly
3 possible to create something that will be a good
4 apples-to-apples comparison. There are -- you know,
5 we could have a summary of the revenue load
6 forecasts, how that -- how growth is attributable to
7 each different category here. But it would not
8 really be aligned with what is provided here in 2-
9 CCC-15.

10 For example, you discussed with Mr. Khan that
11 the data centre is not included here. It is included
12 in the system -- system expansion portfolio instead.
13 So it is not included here, but it is included in the
14 revenue forecast. So customer growth, I think that
15 would be a much higher percentage in the revenue
16 forecast, just by virtue of the different
17 methodologies used, like EVs and building
18 electrification.

19 Some of them might be a bit better, but at the
20 same time, you know, there are differences in terms
21 of what is included in the different categories,
22 like, all the customer growth that is included in
23 Exhibit 3 in that load forecast.

24 You know, some of them might have to do with
25 electrification that is included -- electrification
26 here, but it would be customer growth in that
27 forecast. So I think, overall, it would not be very
28 comparable. There could be, you know, something that

1 could be helpful for you for the different drivers in
2 that revenue load forecast, though.

3 C. LI: I understand the caveat. I mean, I --
4 we -- I mean, I -- it is clearly stated in the
5 evidence and the IR responses. I appreciate that.

6 But it would be still helpful -- like, you can
7 state the caveat there, like, what is different, but
8 it would be good to have -- and I don't care if it is
9 one table, two tables, right, just another table that
10 they come up with different components, just like
11 table -- if you don't like this format, that is fine,
12 right.

13 Go back to Table 6 and then put the magnitude of
14 the drivers next to the revenue load forecast. That
15 is okay too, I mean, ultimately.

16 S. VETISIS: We will undertake to provide a table
17 which separates some of the drivers in a manner that
18 kind of aligns with the way things were done with the
19 exhibit. So we -- like, we will undertake to provide
20 something that makes sense in the context of the
21 revenue forecast.

22 C. LI: Thank you. I appreciate that.

23 T. HOBBINS: That would be Undertaking JT-4.12.

24 **UNDERTAKING JT-4.12: PROVIDE A TABLE SEPARATING**
25 **THE DRIVERS OF THE REVENUE LOAD FORECAST IN A**
26 **MANNER THAT ALIGNS WITH EXHIBIT 3**

27 C. LI: And -- thank you.

28 And the next question I have, this one, Bill --

1 or Mr. Harper had covered quite a bit already. This
2 is about the revised IR response, 7-BOMA-5. There
3 was the whole exchange about -- I thought I was the
4 only one who could not follow the numbers, so I feel
5 a little bit better, so -- Bill could not follow that
6 either. So -- so there is an undertaking, right, if
7 I understand it.

8 I was tripping a little bit when I was listening
9 to that. At the end, you did agree to look at the
10 numbers and potentially either correct the response
11 or correct CAM; is it correct?

12 S. VETISIS: It is correct.

13 C. LI: Okay. So -- okay. I am sorry. Sorry.
14 Go ahead.

15 S. VETISIS: It was just a stray mumble, Mr. Li.
16 It is correct.

17 C. LI: Okay.

18 Now, one concern I have is when I look at the
19 revision, regardless, you know, that I couldn't quite
20 reconcile the numbers, I noticed that the key change
21 or the result is that the billing and collection
22 weighting factors for the three classes, GS 50 to
23 2,999; 3,000 to 4,999; and large classes -- large-use
24 class -- I am sorry -- it jumped from 1.6, 1.8, 2.8,
25 to 5.09. So that is quite a jump.

26 I understand that at the end, you conclude that
27 the impact, when it comes to allocated revenue and
28 rates, they are not that significant.

1 But I guess my concern remain is, well, these
2 are the classes that a lot of BOMA members come to;
3 and, secondly, if you are going to go back and do
4 your reconciliation and -- I don't know which way,
5 right. But let's say if indeed that CAM is actually
6 -- needs to be corrected, then I want to make sure
7 that in your -- in that undertaking, you also include
8 the -- as part of the revision, you gave us a file
9 called "EE-7-BOMA-5, comparison of CAM results." So
10 that -- you -- you basically put before and after and
11 the impact in terms of allocated revenues and all
12 that.

13 I want to make sure that that is included in
14 your undertaking to show that I would have the
15 confidence that, well, the impact, hopefully, is
16 actually not very material for the three classes.
17 Can you make sure that you include that in your
18 undertaking if -- if -- if actually you have to
19 change CAM?

20 If you tell me the CAM is the same, it is just
21 the numbers on the file, the response is incorrect,
22 then, of course, you don't need to.

23 A. BLAIR: So just to confirm, if there is a
24 change, you will want to see a new comparison filed?
25 Is that the --

26 C. LI: If there is any change to CAM, like,
27 once you look at it -- look at the discrepancy when
28 it comes to what is reported in the table in the

1 revised response versus what is in CAM itself, if it
2 turns out that CAM needs to be updated, then I would
3 like to see a version of that comparison.

4 If you tell me that at the end, CAM doesn't need
5 to be changed is the -- is the -- whatever number is
6 quoted in those tables are incorrect, then I am fine,
7 because, obviously, the numbers don't change; right?

8 A. BLAIR: Yes, we can include that as part of -
9 - I guess as part of that undertaking.

10 C. LI: Okay. All right. Thank you.

11 Next one, I have a really quick question on this
12 one. If you can go to the IR response 8-Staff-156,
13 Table 2. Okay. So if you look at specifically the
14 class GS 3,000 to 4,999, it is a big difference
15 between Whitby and Veridian; is that correct? Or is
16 it -- I guess I could have gone back and checked the
17 tariff, but there is a huge difference here, right,
18 between Veridian and Whitby.

19 And then you harmonize it, and, obviously, then
20 -- then there was going to be a big increase for
21 Whitby -- former Whitby customers. Can you verify
22 that? Is it correct? Why are they so different, by
23 the way, if it is indeed so different?

24 A. BLAIR: I believe it is incorrect, and I am
25 basing that on in the Whitby rate zone, there isn't
26 currently a GS 3,000 to 5,000 class. They are all
27 within a 50 to 5,000 class. So it should be the same
28 rates for the GS 50 to 3,000 and GS 3,000 to 5,000 in

1 Whitby so --

2 C. LI: So which one is it, then -- I am sorry -
3 - if that is the case? Because you have, like, 50 to
4 3,000 and 3,000 to 4,999 and then 3,000 -- okay.

5 Forget about the EVM. Sorry.

6 A. BLAIR: Yes. It should be the 40123. That
7 is the GS 50 to 3,000 for Whitby. The non-EV one,
8 that should be the same figure in 3,002.

9 C. LI: Oh, okay. So there is a -- there is a -
10 - it is just a typo or whatever, some -- it is a --
11 okay. It is incorrect. Okay. Okay. Thank you.
12 Thank you.

13 The next one is also partially -- actually, no.
14 This is not partially covered. Sorry.

15 Can you turn to VECC-36 -- or 3.0-VECC-36. So
16 in this response, Elexicon confirmed that your EV
17 forecast assumed EV sales reach 60 percent of new
18 vehicle sales by 2035, even though the new EV sales
19 target is 75 percent and the government's new EV
20 strategy.

21 Can you please explain why Elexicon retains the
22 60 percent assumption for the revenue load forecast
23 rather than the 75 percent target in the current
24 federal strategy?

25 And the second question -- I am sorry -- is that
26 can you also confirm which assumption is used in your
27 peak load forecast, like, the one in Exhibit 2B? Is
28 it 60 or 75?

1 A. BLAIR: So both the -- both forecasts have a
2 five-year delay to the original hundred percent zero
3 emission vehicles by 2035. Both forecasts were
4 completed before -- before that previous target of a
5 hundred percent was rescinded and then also before
6 the 75 percent was introduced a few months later.

7 The exact sort of trajectory to get to 2031 may
8 have been slightly different between the two. There
9 is a five-year delay for both of them, but exactly --
10 I am not sure exactly if it is 60 percent. But it is
11 -- you know, it would be somewhere in that ballpark,
12 but I would need to confirm. And the --

13 C. LI: I am sorry. Go on. Go on.

14 A. BLAIR: And the EV trajectory has not been
15 updated in the most recent load forecast, the 3-SEC-
16 68. It is 60 percent. It is still the five-year
17 delay of the 2035 target.

18 C. LI: Right. Okay.

19 So you confirmed that for -- the revenue load
20 forecast is around -- is very close to 60 percent,
21 basically. And when it comes to peak load forecast
22 in 2-B, and that is also similar, very close; is that
23 what you are saying?

24 A. BLAIR: It would be similar. I am not
25 exactly sure the magnitude of the difference. It is
26 still going from where we were in 2024 to having a
27 hundred percent by 2040. But exactly how much is in
28 that forecast, I am not positive if it is exactly 60

1 percent.

2 C. LI: Okay. Okay.

3 The next one -- actually, the next one is
4 covered by Mr. Harper already. So actually, you know
5 what, that is all I have. That is the last question.

6 T. HOBBINS: Okay. Thank you, Mr. Li.

7 C. LI: Thank you. Thank you, Panel.

8 T. HOBBINS: I think we will take the lunch
9 break now. I propose we come back at 2:00. Does
10 that work for everyone? 2:00 p.m.? Okay.

11 --- Upon recessing at 1:09 p.m.

12 --- Upon resuming at 2:01 p.m.

13 T. HOBBINS: Okay. Welcome back, everyone. We
14 will resume. I believe we have Pollution Probe up
15 first. They are scheduled for 10 minutes.

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

17 M. BROPHY: Oh, great. Okay. Good afternoon.
18 My name is Michael Brophy on behalf of Pollution
19 Probe. I thought CCMBC was actually ahead of us, but
20 I am ready to go now.

21 T. HOBBINS: Yes. Please proceed, Mr. Brophy.
22 I believe CCMBC yielded their time yesterday.

23 M. BROPHY: Okay, great. Thank you.

24 So I think the Panel is aware that there was
25 some coordination in advance on questions and issues,
26 particularly ones with the common element; and,
27 therefore, this Panel is no different. We only
28 really have two areas to focus on and should just be

1 within the time limit that we had estimated.

2 So the first question relates to 2-B-3-2, Figure
3 24, which shows the peak demand and peak demand
4 scenarios. I can wait, if the Panel wants to take a
5 look at that on the screen. It would be helpful -- I
6 think it is page 604 in the PDF, but you can
7 validate. Perfect, yeah. That is the one.

8 So that is Figure 24, Elexicon's system peak
9 load forecast. And there was some IRs that talked
10 about the information in this, but a question that I
11 had following from that was -- you will see that the
12 2025 is a forecast, and now that we are almost in
13 July 2026, do you have actuals for 2025?

14 S. VETSI: Mr. Brophy, you are -- what you are
15 looking at here is the peak load forecast. This was
16 prepared by the gentleman Mr. Usman Khan on Panel 1
17 and his team. I don't know that we can speak to this
18 particular forecast in detail. We are able to speak
19 to the revenue forecast that is provided in Exhibit
20 3.

21 M. BROPHY: So this panel, Panel 3 --

22 S. VETSI: That's at -- if you check, there is
23 an interrogatory.

24 M. BROPHY: Yeah, there is a few that --

25 S. VETSI: 2-CCC-15, which may have '25 actuals
26 in it. There is an Excel sheet not in the
27 interrogatory itself.

28 M. BROPHY: Okay. We are just pulling that up,

1 so we will see if it has what we need. And the
2 categories here, so there is actual demand, actual
3 weather, normalized demand, system capacity,
4 forecasted demand, does that correlate to Figure 24?

5 D. COBAN: Again, I think these questions and
6 IRs were mapped to Panel 1. I guess Mr. Vetsis was
7 pointing you here for the information that includes
8 the '25 actuals you were looking for in the previous
9 figure.

10 M. BROPHY: Okay. I understood that the
11 forecast was actually Panel 3. That was my
12 understanding.

13 D. COBAN: We apologize if that wasn't clear in
14 the letter that was sent out on June 10th.

15 M. BROPHY: Okay.

16 D. COBAN: It was meant that everything related
17 to the DSP and capacity planning was covered by Panel
18 1. But appreciate that might have not been crystal
19 clear.

20 M. BROPHY: Okay. Can you just pull up the
21 Figure 24 again for a minute. That's the one there.
22 Yeah, great.

23 So, yeah, Figure 24 for the -- for the forecast,
24 it includes a few different categories. And I won't
25 ask you detailed questions if this isn't the right
26 panel, if it should have been Panel 1. What we are
27 looking for is -- and it sounds like you have this
28 information if you have been able to provide 2025

1 actuals was just to provide a copy of Figure 24 which
2 the addition of the 2025 actuals included in Figure
3 24 with the same breakdowns that are in --

4 S. VETSI: I believe the Excel file we showed
5 you provides all the numbers that would be needed to
6 recreate this table.

7 M. BROPHY: Okay. Okay. Well, we will take
8 that away, and if we have any issues, we will follow
9 up or we can ask clarifications during the hearing.

10 Okay. So hopefully this isn't the same
11 misunderstanding that it is Panel 1 on this, but
12 there is -- there is two references that I would like
13 to compare because I am trying to understand the
14 difference, and it actually relates to a topic you
15 were talking with SEC today on, during Panel 3 and
16 then again with BOMA. So it is the same topic. I am
17 assuming this is the right panel.

18 So the first -- I will just give you the two
19 references just so the person pulling up the
20 materials will have them. The first is 2-B-3-1,
21 Figure 8. And then the second is going to be 3-BOMA-
22 2, Tables 2 to 5.

23 And just while we are waiting for those to get
24 pulled up, it links to what Panel 2 had confirmed
25 related to Elexicon's demand forecast aligning with
26 the energy and emissions objectives of the
27 municipalities that you serve. So I am assuming that
28 this panel heard that and agrees with that premise?

1 S. VETISIS: Yeah, I think it might have been
2 Panel 1 who would have said. And I think what you
3 mean with alignment in terms of the expectations of
4 our load forecast, trying to forecast what demand
5 will be?

6 M. BROPHY: Yes, for the Elexicon scenario. So
7 you -- what might have been Panel 1 but the -- so
8 your -- your understanding is that the Elexicon
9 demand forecast also -- it does align with the energy
10 and emissions objectives of the municipalities that
11 you serve; is that correct?

12 S. VETISIS: Again, I think we are treading into
13 the load forecast that another team has provided.
14 You know, I heard them discussing different scenarios
15 of uptake of those. I believe the Elexicon scenario
16 is close, but I would defer to the transcript of that
17 Panel.

18 M. BROPHY: Okay. I will go back. Well, I am
19 aware of what they said.

20 Okay. So if we can take a look at the 2-B-3-1
21 Figure 8 first, that would be helpful. So I think
22 you are familiar with that, it's just low, medium,
23 high. Elexicon is between the medium and high. And
24 then if we go to 3-BOMA-2 -- and it could be any of
25 these tables. I can walk you through Table 2, 3, 4,
26 and 5, but, you know, pick any of those and the trend
27 is the same for all.

28 So we have Table 2 that is on the screen. So I

1 will use that as an example. But we can do the same
2 thing for all the other tables below it. So one of
3 the challenges that we have been having is trying to
4 reconcile the Elexicon forecast with the low, medium,
5 and high, and we had some discussions with the
6 previous Panel on that.

7 And then there was some discussions with SEC and
8 BOMA today with Panel 3. And I think you agreed to
9 provide an undertaking in relation to some of the
10 clarity, but I think there is a layer of clarity that
11 we are looking for that I don't believe is in the
12 undertaking. And if you think it is, maybe we can
13 just confirm that it is.

14 So if you look at each of these tables -- and,
15 again, I am using Table 2 as an example -- so the
16 Elexicon revenue load forecast, you know, for 2025 to
17 2031, I will just -- I will just pick 2028 as an
18 example. So it is 3,362. So that is above the low
19 of 2,465 but below the medium, 2,698.

20 And maybe if we go down to -- there is one on
21 EVs as well. I think it might be Table 4 or 5.
22 There, that Table 4 right there.

23 So, you know, if we use the same kind of thing,
24 so, you know, 2026, as an example, for Elexicon's
25 revenue forecast, it is 3,662 which is higher than
26 the low but lower than the medium. So we have been
27 trying to figure out how the Elexicon scenario is
28 between the medium and the high when the information

1 in 3-BOMA-2 seems to suggest it is below the medium.

2 Do you believe that that is going to be
3 explained in the undertaking you took for SEC or is
4 that a separate undertaking?

5 S. VETISIS: I think we are confusing here what
6 "Elexicon forecast" means. So in this table, you see
7 there is that heading at the top that talks about the
8 peak load forecast, right. And the "high," "medium,"
9 "low" are under "peak load forecast." They say
10 "Exhibit 2-B"; right?

11 M. BROPHY: Yes.

12 S. VETISIS: Okay. And so what -- this is
13 Elexicon's forecasting of its system peak for
14 planning purposes. And I think in the figure you
15 looked at earlier is a P90, you know, peak that was
16 being looked at.

17 And so for purposes of Elexicon's peak forecast
18 -- and that is what Elexicon utilizes for planning
19 for capacity reasons -- the scenario that Elexicon
20 chose was between high and medium. Okay.

21 Now -- and so that is what you see in Figure 8
22 of Exhibit 2-B, Tab 3, Schedule 1. There you see
23 that the Elexicon scenario is, in fact, between the
24 high and the medium lines because there we are
25 comparing the same forecasts apples to apples. Okay.

26 On the other side here, the far right, that is
27 our revenue load forecast. This is the forecast, the
28 charge determinants that we use for rate setting

1 purposes. So these are by, you know, customer
2 counts, by rate class, et cetera. So it is a
3 different forecast than what we are talking about in
4 the other exhibit.

5 And so when you heard Panel 1 talk about an
6 Elexicon scenario, it was talking about something
7 between high and medium for the peak load forecast;
8 it was not talking about the revenue load forecast
9 which has a different purpose. And we actually
10 discuss these purposes.

11 If we go to page 8 of 3-BOMA-2, there is a
12 discussion here about the contrasts between what the
13 peak load forecast is designed to do, and that is to
14 provide a longer term forward-looking assessment of
15 the system's peak so that we are making sure to
16 support capacity planning.

17 And then at line 10, we talk about the revenue
18 load forecast and what it is trying to do. And that
19 is a different forecast for the purposes of rate
20 setting.

21 M. BROPHY: So just to make sure I understand
22 what you are saying, then, the -- for those tables 2
23 through 5 and 3-BOMA-2, the Elexicon revenue forecast
24 can't be compared to the other values in the table?
25 They are not apples to apples is what you are --

26 S. VETISIS: They are not apples to apples. They
27 are different forecasts for different purposes.

28 M. BROPHY: Okay. Well, that -- I think that

1 answers the question in relation to the tables. And
2 I think that is all the questions we have. Thank
3 you.

4 T. HOBBS: Thank you, Mr. Brophy. Up next we
5 have OEB Staff for about 65 minutes.

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

7 B. ARMSTRONG: Thank you very much. And I will
8 try to be faster since we had an undertaking for
9 questions that will be directed to Clearspring. But
10 I have a few questions that I believe will be -- can
11 be answered by this panel.

12 If you can please go to 1-SEC-20. So in this
13 response, when asked to explain what aspect of the
14 custom revenue cap index Elexicon considers an
15 incentive rate setting, you answered that:

16 "The incentives include the stretch factor, X,
17 in several DVAs such as the CISAVA and the
18 demand-related variance account as well as the
19 responsibilities -- Elexicon responsibility to
20 manage its OM&A budget and its load forecast
21 risk." (as read)

22 In your framework, the service revenue
23 requirement is used to calculate or derive the
24 revenue growth factor which ensures the recovery of
25 your forecast cost; is that correct?

26 S. VETTSIS: Could we please go to Exhibit 1, Tab
27 5, Schedule 1, Appendix A, and page 29 of that --
28 that report.

1 So, Ms. Armstrong, you had said the G factor was
2 calculated based off of a service revenue
3 requirement?

4 B. ARMSTRONG: No, not the G factor. The
5 revenue growth factor. I believe you actually
6 confirm that in 4-CCC-36B.

7 S. VETISIS: The derivation is based off of the
8 service revenue requirement.

9 B. ARMSTRONG: Right. So can you clarify what
10 proportion of the proposed cost would not ultimately
11 be covered through the Custom IR revenue cap because
12 of the revenue growth factor that is included?

13 S. VETISIS: I do believe we had calculated -- we
14 had provided an interrogatory response that showed
15 the difference between those two values. I am just
16 struggling to find the reference right now. If you
17 could give me a little bit of time later on post-
18 questions, I can provide that reference.

19 B. ARMSTRONG: So are you saying that there is
20 costs that don't get recovered?

21 S. VETISIS: Yes, due to the stretch factor, the
22 application of the stretch factor in our
23 calculations, we will not -- it will not fully
24 recover the service revenue requirement in each year.

25 B. ARMSTRONG: Okay. If we can get that on the
26 record, that IR response, because I haven't -- I
27 cannot recall that.

28 S. VETISIS: Can we go to 1-CCC-6. Scroll down

1 to page 3.

2 So here we have the table which shows the top,
3 the forecast recovery under a -- what would be sort
4 of a cost of service regime, so full cost of full
5 recovery, and then what funding would be received
6 under the proposed rate framework.

7 And if you subtract the two base revenue
8 requirement lines, you will get the difference
9 between, effectively, the -- those -- you could use
10 the service revenue requirement as well. By
11 subtracting the difference, you see what amount of
12 cost is not recovered.

13 B. ARMSTRONG: Okay. So there is no delta in
14 27. There is a delta of -- how much is it --
15 \$300,000 in '28, 600,000 in '29. And, I mean, they
16 are fairly --

17 S. VETISIS: It grows over the term. The total
18 sum of the value that is not recovered is \$3 million.

19 B. ARMSTRONG: 3 million? Okay. I didn't do
20 that calculation, but we will leave it at that.

21 Okay. Was the biggest jump in '31; right? The
22 biggest delta in '31.

23 S. VETISIS: Yeah, naturally the stretch factor
24 has a compounding effect over time.

25 B. ARMSTRONG: Yeah. Then going back to the
26 report, which is Exhibit 1, Tab 5, Schedule 1, the
27 Clearspring report. Page 34, last paragraph there:

28 "In the Clearspring report, Clearspring stated

1 that they provide no opinion on the appropriate
2 size of the revenue growth factor term or the
3 spending needs of the company. Clearspring has
4 inserted the company's proposed spending levels
5 during the Custom IR period." (as read)

6 I am curious, since Clearspring didn't develop
7 the revenue growth factor, who did?

8 S. VETISIS: That aspect of the rate framework
9 was developed by Elexicon.

10 B. ARMSTRONG: Now, given that the revenue
11 requirement is largely recoverable through the
12 revenue cap, and the several mechanisms that you
13 mitigate -- that you included to mitigate capital and
14 demand-related risk, can you please explain to me
15 what aspect of the framework prevents it from
16 functioning more like a multi-year cost of service
17 model rather than an incentive rate-setting?

18 S. VETISIS: I would say the interrogatory that
19 you took us to initially, Ms. Armstrong, articulated
20 all the ways in which -- the different areas of the
21 framework that would constitute incentive rate
22 setting.

23 B. ARMSTRONG: Can you quantify at the end of
24 the day what that would come out to? Is it like the
25 3 million from the X factor?

26 S. VETISIS: The \$3 million is the -- it is the -
27 - it is the -- yes, the \$3 million is the difference
28 in what is recovered, and it is calibrated based on

1 the benchmarking performance that we have as a
2 utility. And it leverages the total -- the
3 Clearspring report.

4 B. ARMSTRONG: Yeah. I will get to the
5 benchmarking in a minute. I am just trying to get a
6 number of your incentives versus the whole spending
7 envelope. So is -- 3 million is the incentive?

8 S. VETISIS: Again, it's -- the framework is
9 holistic. 3 million is a quantification of the
10 amount that is given up front to customers through
11 the stretch factor, through reductions to what is
12 recovered through rates.

13 B. ARMSTRONG: Okay. And that is the quantum.
14 Are there any -- if we quantify it, that is at 3
15 million; right? Or can you quantify any of the other
16 incentives you mentioned?

17 S. VETISIS: I am not sure how I would quantify
18 the other incentives. The -- all incentive
19 frameworks have incentives for cost containment. You
20 know, if a utility has needs that aren't there and it
21 is required to overspend, it bears all those
22 expenses. That is an incentive in and of itself.

23 You know, and, again, it is a holistic
24 framework. The up-front benefit provided financially
25 to customers is the stretch factor.

26 B. ARMSTRONG: So we are back to a quantum of 3
27 million at the end of the term?

28 S. VETISIS: Can I take you to 1-Staff-23, Part

1 B, specifically lines 10 through 14 where we
2 articulate, you know, the calibration -- the
3 productivity incentive is calibrated to Elexicon's
4 cost performance.

5 So, you know, the benchmarking analysis
6 undertaken by Clearspring shows that Elexicon's total
7 cost performance is based on the total costs that are
8 forecast in this application. It concludes that our
9 total costs are 13.9 percent below the benchmark over
10 the rate period.

11 Per the Board's established policy, cost
12 performance of that magnitude warrants a stretch
13 factor of 0.15, which is what is included in this
14 application, and which provides that \$3 million
15 upfront incentive that we have discussed. The
16 magnitude is -- arises from cost performance, and it
17 considers both the fact that as a utility who has
18 been a good cost performer, it is more challenging to
19 find additional productivity savings. It is also a
20 reward for the fact that the cost performance has
21 been good.

22 And so the stretch factor that is in this rate
23 framework is appropriately calibrated to Elexicon's
24 circumstances.

25 B. ARMSTRONG: Okay. Thank you.

26 Now let's talk about your cost performance a
27 little bit. From the reports, I can see that you
28 have had very good cost performance in the past, but

1 that that cost performance is forecasted to
2 deteriorate quite a bit over the term.

3 Now, you have not recalibrated your stretch
4 factor to each year of the term. You are proposing
5 to lock it in at 0.15 percent; right?

6 S. VETISIS: We are proposing to establish that
7 factor based off of the average over the test period.
8 Over the test period, Elexicon is well below the 10
9 percent threshold in virtually every year.

10 B. ARMSTRONG: Okay. I am just trying to
11 understand, by the end of the term -- I am not
12 talking an average now. Say, the last year of the
13 term your cost performance deteriorates to the point
14 where you would be in a higher cohort, that cannot
15 get adjusted to you over the term; correct?

16 And from the way I am reading the report, it
17 looks like it is. But correct me if I am wrong.

18 S. VETISIS: Elexicon is proposing to establish
19 the 0.15 stretch factor in every year of its rate
20 term. That is the proposal in this application based
21 off of the benchmarking study that is there.

22 I would note, in page 19 of the Clearspring
23 report, which we just had open, if we take a look at
24 the footnote at the bottom of the page, so as we have
25 discussed over the last few days of the hearing, I am
26 sure that the topic of the GTA East TS came up. You
27 know, that is an example of an investment that
28 Elexicon is needing to make now before the

1 corresponding outputs, you know, system usage
2 arrives.

3 And so what you see here is it is an substantial
4 investment of about 103 million, which almost single-
5 handedly accounts for the drop. When you normalize
6 for that, we are at minus 9.6 percent, which is at
7 the very threshold that rounds to 10, which is the
8 threshold for a 0.15 stretch factor.

9 I would also take us to 1-Staff-15 --

10 B. ARMSTRONG: Can I just interject there for a
11 minute? You are normalizing for it, though. If you
12 would not normalize --

13 S. VETISIS: No. If you take --

14 B. ARMSTRONG: -- for that year --

15 S. VETISIS: No, we are not. We are taking an
16 average of the five years. We are not making a
17 normalization. When we average for 5 years, it
18 shows, at the bottom of the table, 2027 to 2031
19 average score minus 13.9 percent. So there is no
20 normalization in that calculation. We are basing the
21 stretch factor off of the five-year average and the
22 minus 13.9 percent value.

23 I am providing the additional context as to the
24 driver of the decline in that last year; in
25 particular, driven by the -- the -- just showing you
26 what the magnitude impact is of that one investment
27 alone.

28 B. ARMSTRONG: Got it.

1 Now, I know we had this discussion earlier with
2 Mr. Rubenstein, but I believe that this benchmarking
3 study does not include the cost for your Dx NEXT nor
4 does it include the cost for the control centre
5 update; is that correct?

6 S. VETISIS: Again, we discussed this with Mr.
7 Rubenstein yesterday. Clearspring did rerun the
8 model with the system control centre costs. The
9 average changed only by 1 percent, so it would still
10 justify the stretch factor that exists. And I also
11 mentioned with Mr. Rubenstein, the OM&A, ongoing
12 OM&A, is definitely in there for Dx NEXT.

13 What is uncertain, what we are taking back as an
14 undertaking, is to determine how the implementation
15 costs are being treated.

16 B. ARMSTRONG: Now, if the implementation costs
17 move these percentages, would you agree that you will
18 be updating your stretch factor, then?

19 S. VETISIS: We set the stretch factor off the
20 five-year average, right, and the Clearspring study
21 that is here suggests a stretch factor of 0.15
22 percent.

23 B. ARMSTRONG: Right. But we just agreed that
24 this does not include some of the costs that are
25 right now requested for recovery?

26 S. VETISIS: Again, we haven't agreed to that
27 yet. We are determining through undertaking by
28 consulting with Clearspring to see what is remaining.

1 We know, for the system control centre, that it will
2 not be sufficient to make a change.

3 B. ARMSTRONG: Okay.

4 So just to wrap this up, you are sticking with
5 the 0.15 regardless of the benchmarking outcome from
6 the undertaking?

7 D. COBAN: I -- just in the spirit of my comment
8 earlier today, I do think that we need to be careful
9 with the nature of the questions. It does sound to
10 me like we are venturing a bit into cross-
11 examination.

12 What I heard from Mr. Vetsis was that we need to
13 first do the analysis and see what it shows and then
14 look at that information and comment on whether any
15 change is required. So, you know, I don't -- I think
16 you are looking to get an admission that is not
17 possible and not appropriate to try to get at this
18 point in time, given that the information is still
19 under review.

20 B. ARMSTRONG: I understand. But from what I
21 heard is that the stretch factor that is requested is
22 the appropriate stretch factor, is what I am hearing.

23 D. COBAN: Based on what we know here today so
24 far, it continues to be appropriate. We do have an
25 undertaking to investigate an element of that. Once
26 we have done that and we understand what it shows,
27 then we can have a further conversation around the
28 implications.

1 B. ARMSTRONG: Thank you.

2 Now, I want to go a little bit to the DVAs. We
3 have discussed the DVAs quite a bit, so I just have
4 one question that is slightly different than the
5 others, and it won't take long.

6 Now, you propose a growth factor as part of your
7 formula to allow for growth while also proposing
8 multiple variance accounts to keep you whole, also
9 keep the ratepayers protected. We have had this
10 discussion.

11 Can you please explain how these mechanisms are
12 intended to work together and how the G factor
13 remains meaningful once both capital expenditures and
14 revenues associated with the growth are trued up
15 through these variance accounts?

16 S. VETISIS: So, Ms. Armstrong, I am struggling
17 to find a reference right now. There is an
18 interrogatory. Let's focus first on the capital-
19 related accounts. There are -- there is the capital
20 in-service addition variance account, demand-related
21 work account, the CCRAVA, and the NSDA.

22 There is an interrogatory whose reference I
23 can't find right now which takes our capital plan --
24 these accounts are related to in-service additions.
25 It takes our capital plan and shows how the overall
26 plan splits across the different accounts.

27 So the majority of our plan, about 80 percent,
28 is going to be managed through the CISAVA, the way a

1 utility would traditionally manage its funding
2 envelope, so we manage that on an overall level on a
3 cumulative basis over the five-year term.

4 Any overages are Elexicon's risk to bear and to
5 come back for prudence in a future application. Any
6 underspend would be -- beyond 2 percent would be
7 refunded to customers.

8 For the remainder of the program, specific
9 investments get hived off into various variance
10 accounts. So on the demand-related variance account,
11 we have three programs. There is the connections,
12 externally driven work allocations, customer
13 expansions. These are all externally driven work.
14 And so the account has a baseline in-service
15 additions, and any variance up or down each year
16 would get booked into that account and either
17 recovered or refunded to customers over time.

18 Similarly, with the CCRAVA, it is related to
19 Hydro One CCRA -- Hydro One capital contributions.
20 Right now, the baseline in the application is zero in
21 every year and 22 million in the last year for the
22 lines to connect to the GTA East. If another true-up
23 payment occurs over that period, we book it into the
24 account. Variances either way are connected,
25 refunded to customers.

26 The new stations deferral account, that is only
27 applicable to a station-specific project that is not
28 already within the plan. So for the existing

1 projects that exist, we have to manage all the risk
2 for cost variance. This would only be if a new
3 station exists.

4 So fundamentally, these accounts kind of split
5 our capital into different buckets that are managed a
6 little bit differently. And so those that are
7 subject to a deferred variance account, we cannot
8 substitute within another. So I hope that gives a
9 bit of description.

10 B. ARMSTRONG: Thank you. It gives me a bit of
11 a context now.

12 S. VETISIS: And my reference wizard has come
13 through again. 9-CCC-69 is the interrogatory that
14 has the table which shows the baselines for the
15 various amounts.

16 B. ARMSTRONG: Thank you.

17 Now, would you agree, though, that these
18 accounts minimize risks substantially --

19 S. VETISIS: No.

20 B. ARMSTRONG: -- as compared to a normal cost
21 of service?

22 S. VETISIS: I disagree with that. Again, we
23 still have to come and show prudence when we come
24 back at rebasing. I think what these do is they
25 provide appropriate incentives.

26 So let's keep in mind, the 80 percent of our
27 plan operates the same way you do on cost of service
28 in the sense that if we overspend, that is the

1 utility's risk to bear. It is only a subset of the
2 total spend that goes into the variance account. And
3 the reason why these variance accounts exist is
4 because these are investments that are externally
5 driven, have different factors.

6 In the case of the demand-related variance
7 account, we are talking about customer-driven work,
8 right. We are living in -- Elexicon is one of the
9 fastest-growing utilities, if not the fastest in this
10 province. We just experienced a five-year period
11 since our merger where our System Access investments
12 almost doubled within a short period of time because
13 of an acceleration of load growth.

14 And that causes -- we are trying to avoid a
15 circumstance where we hive off the spend in other
16 areas because we don't want to keep degrading
17 reliability in our system. And I think it is
18 important to keep in mind the broader policy context;
19 economic development, housing development is a policy
20 priority, and having accounts such as these ensure
21 that we have the right incentives to pursue and
22 enable all of that because it is also an obligation
23 that we have as a utility.

24 B. ARMSTRONG: So do I hear you correctly that
25 you say the accounts in a way incent you also to make
26 sure that you spend all that capital?

27 S. VETISIS: I disagree.

28 B. ARMSTRONG: Like, I don't see where you need

1 to reprioritize since you are covered on both sides.

2 S. VETISIS: Again, as we have stated, the vast
3 majority of the plan, approximately 80 percent, is in
4 the capital in-service variance account, the system
5 renewal work, et cetera. It is all defined in the --
6 could we bring up the table, actually, 9-CCC-69.

7 And so, again, the majority of this plan is
8 applicable to the CISAVA, the capital in-service
9 additions variance account. You know, we will have
10 to manage the changing circumstances within that
11 funding envelope over the term. If there are urgent
12 needs and requirements and there is need for
13 overspend, that is the utility's risk.

14 This is -- the CISVA is an additional benefit to
15 customers because if we do the opposite, if we don't
16 fully deliver on that funding envelope, there is an
17 opportunity to return money back to customers.

18 B. ARMSTRONG: Right. So there is an incentive
19 for you to spend the envelope?

20 S. VETISIS: No. It is a protection -- you know,
21 we are kind of going in circles. It is a protection
22 for customers in the event that we are unable to
23 materially deliver on the plan, as stated in
24 evidence.

25 B. ARMSTRONG: Thank you.

26 Last question. The IPD OM&A component of the
27 formula, that goes back to the Clearspring report,
28 Table 8, found on page 32 -- sorry -- actually, Table

1 5. Just a minute. I think I have my references
2 wrong.

3 Actually, while we are looking for that, can you
4 please bring up 1-SEC-23, Part G. I believe that is
5 where you updated the IPD from 0.25 percent in the
6 original report to 0.36 percent based on the updated
7 inflation forecast.

8 Can you please walk me through the reason for --
9 a more detailed reason for the update? Like, what
10 was the -- what was the reason for the original
11 forecast? It is just timing?

12 S. VETISIS: The change in the parameter, as
13 calculated here, is just differences in updated
14 values. Obviously, this is calculated based off of
15 inflation parameters, and so as -- it will shift here
16 and there, as with updated information.

17 And just for clarity, we confirmed in another
18 IR, while this is the most recent calculation, 0.36,
19 we have not proposed an update to the value that was
20 originally provided in the application.

21 B. ARMSTRONG: Okay.

22 S. VETISIS: This is just a more recent
23 calculation with -- with latest up-to-date
24 information.

25 B. ARMSTRONG: Okay. Thank you.

26 And just to confirm, you are requesting that
27 this value be locked in as well?

28 S. VETISIS: Could we go to Exhibit 1, Tab 5,

1 Schedule 1, page 13, and in Table 3. No, no. Not
2 the attachment. Yeah, the actual exhibit itself.

3 So I would just like to point you to the first
4 section of this table under "Inflation" where we
5 state that:

6 "This factor is the only factor in the formula
7 that is updated annually." (as read)

8 The inflation factor will change annually. We
9 are proposing that all other factors, X, G, IPD, RGF,
10 are established in this application and held constant
11 throughout the rest of the term.

12 B. ARMSTRONG: Right. Okay. That is all my
13 questions. Thank you.

14 T. HOBBINS: Thank you, Ms. Armstrong.

15 I believe that is all of the questions we have
16 for Panel 3, so this hearing is adjourned.

17 --- Whereupon the proceeding concluded at 2:56
18 p.m.