ONTARIO ENERGY BOARD

FILE NO.	**EB-2025-0312**	**Elexicon Energy Inc**

VOLUME:	**1**	
DATE:	**November 9, 2026**	
BEFORE:	**James Sidlofsky**	**Presiding Commissioner**
	Robert Dodds	**Commissioner**
	Michael Janigan	**Commissioner**

EB-2025-0312

THE ONTARIO ENERGY BOARD

Elexicon Energy Inc

Application for approval of proposed electricity distribution rates for the period beginning January 1st, 2027, through December 31st, 2031

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

VOLUME 1

A P P E A R A N C E S

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MIKE MCLEOD	Quinte Manufacturers Association
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CLEMENT LI	Building Owners and Managers Association (BOMA) & Pollution Probe
LAWRIE GLUCK	Consumers Council of Canada (CCC)
JONATHAN MCGILLIVRAY MATTHEW SMITH	Distributed Resource Coalition (DRC)
HAILEY BRUCKNER	Power Workers' Union (PWU)

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Monday, November 9, 2026

--- Upon commencing at 9:30 a.m.

PRESIDING COMMISSIONER SIDLOFSKY: Please be seated. Good morning, everyone. Welcome to Day 1 of the Ontario Energy Board's oral hearing on an application from Elexicon Energy Inc. for approval of its proposed electricity distribution rates for the period beginning January 1st, 2027, through December 31st, 2031. The application is assigned EB-2025-0312.

My name is James Sidlofsky, I am the presiding commissioner on this file. I am accompanied by Commissioners Robert Dodds to my left and Michael Janigan to my right.

I am going to begin with the land acknowledgement. Ms. Fearon, if you would?

LAND ACKNOWLEDGEMENT

T. FEARON: Thank you. Good morning everyone. By acknowledging the land on which we operate, we recognize the unique relationship each of us has with the land and the Indigenous Peoples who have been living and working here for thousands of years. With these words, we renew our commitment to learning and reconciliation.

The Ontario Energy Board acknowledges that our headquarters in what is now called Toronto is located on land covered by Treaty 13 and is the territory of the Anishinaabeg Nation, Haudenosaunee Nation, and

Wendat Nation. The long and rich history of this land is marked by many other treaties and nation to nation agreements, including with the Dish With One Spoon and Two-Row Wampum Belt covenants.

As the Ontario Energy Board carries out its regulatory responsibilities, we are committed to listening, learning and respecting Indigenous rights and perspectives. We are grateful for the opportunity to live and work on these lands and honour the wisdom and resilience of Indigenous communities past and present.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Ms. Fearon.

PRELIMINARY MATTERS

PRESIDING COMMISSIONER SIDLOFSKY: I am just going to mention a couple of things to make sure we are all on the same page as we begin today's session. The OEB issued two decisions last week in this proceeding. First, the OEB issued its decision accepting partial settlement proposal on November 3rd and we will include our reasons for that decision in our decision on the unsettled matters. For now, the Panel considered it important for the parties to know the status of the settled issues so there is clarity as to the scope of the matters to be considered in the oral hearing.

Second, we issued a decision on Elexicon's confidentiality requests on November 5th. If any

party or OEB Staff intends to refer to confidential material in cross-examination, please advise the panel so that we can take appropriate steps to move to an in-camera session and avoid public disclosure of that information.

On a related note, I will remind all participants that this session is being transcribed and parties will receive copies of the transcript after the session. The session is also being recorded and the recording will be retained for 30 days.

I would like to thank the intervenors and OEB Staff for their time estimates for cross-examination and we are thanking you in advance for your efforts to keep to those estimates.

At this point, it appears that we will conclude the hearing on Wednesday morning. We plan to sit from 9:30 to 5:00 today and tomorrow with morning and afternoon breaks and a lunch break.

Moving on to appearances, let's start with Elexicon.

D. COBAN: Good morning commissioners. Daliana Coban, counsel for Elexicon Energy. With me today is Ms. Meghan Holloway, my co-counsel. With me as well is Ms. Erin Stevens, director of regulatory at Elexicon. And running our screens today is Mr. Jeff Mazzei, manager of regulatory at Elexicon. And I will have a brief examination in-chief for the

witnesses to introduce them or we can do that now if you'd like.

PRESIDING COMMISSIONER SIDLOFSKY: Tell you what, let's hold off on that and we will finish the other appearances first. Thanks, Ms. Coban. I will move on to OEB Staff and then I will go to intervenor appearances.

T. HOBBINS: Good morning, panel. I am Tobias Hobbins. I am appearing before you as counsel for OEB Staff. And with me I have Vithooshan Ganesanathan to my left and Alexander Di Ilio to my right.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr. Hobbins. I am going to go through this alphabetically. Some of the participants are joining us remotely on Zoom, so welcome to you as well. I will start with BOMA, Building Owners and Managers Association. Mr. Li?

C. LI: Good morning. I actually have a very last-minute request. I was supposed to do my cross-examination in person but I, just overnight, I really do not fell well and I am asking for your permission to do my cross virtually. Sorry about the last-minute, but I really don't feel well and I don't think it's the right thing to do to show up and spread whatever I have to everybody.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Li, thanks for not being here then. Ms. Coban, I assume

you don't have any issue with that?

D. COBAN: No, thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Great, no problem at all Mr. Li. I understand that you are also going to be cross-examining for Pollution Probe: Is that right?

C. LI: That's correct, yeah. I was going to say that too, yeah. As set out in Pollution Probe's November 2nd letter and BOMA's November 3rd e-mail, I will be asking questions on behalf of Pollution Probe, and of course on behalf of BOMA, too. And I would -- I plan to cover Pollution Probe's questions first and then followed by BOMA's questions. That is the plan, yes.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks. And if you could just do us a favour and let us know when you're changing hats, when you are doing your cross-examination --

C. LI: Yes, I definitely will do that. I will indicate on the record when I move from one to the other. Thank you, yes.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you. I will deal both with Coalition of Concerned Manufacturers and Businesses of Canada and Energy Probe Research Foundation, because I see that, Mr. Ladanyi, you will be dealing with both of those. Is that right?

T. LADANYI: Good morning. So I am representing

Coalition of Concerned Manufacturers and Businesses of Canada and Energy Probe Research Foundation. I will not be asking any questions. I am not sure whether I should even be making an appearance, but I certainly will be listening in.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thank you, Mr. Ladanyi. Consumers Council of Canada?

L. GLUCK: Good morning. Laurie Gluck on behalf of the Consumers Council of Canada.

PRESIDING COMMISSIONER SIDLOFSKY: Good morning, Mr. Gluck. Distributed Resource Coalition?

J. MCGILLIVRAY: Good morning. Jonathan McGillivray, counsel for the Distributed Resource Coalition. And joining me today is Matthew Smith, my co-counsel in this proceeding.

PRESIDING COMMISSIONER SIDLOFSKY: Good morning to both of you. Pollution Probe(sic) Power Workers' Union?

H. BRUCKNER: Good morning. Hailey Bruckner from the Power Workers' Union.

PRESIDING COMMISSIONER SIDLOFSKY: Good morning. Quinte Manufacturers Association, Mr. McLeod?

M. MCLEOD: Good morning, panel. Thank you very much for allowing us to participate in this proceeding virtually. The QMA appreciates that and thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, good morning. School Energy Coalition?

M. RUBENSTEIN: Good morning, panel. Mark Rubenstein, counsel for School Energy Coalition.

PRESIDING COMMISSIONER SIDLOFSKY: Good morning, Mr. Rubenstein. I see on my list -- well, I am seeing Jane Scott's name. Is Ms. Scott participating virtually or just yourself?

M. RUBENSTEIN: Just myself.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you. Vulnerable Energy Consumers Coalition, VECC?

M. GARNER: Good morning, Commissioners. I am making an appearance, Mark Garner for VECC. And I am joined by Mr. Harper, also for VECC. I do have time just on the schedule but, in fact, like Mr. Ladanyi, I don't intend to exercise it. So that will perhaps help us on our path to finishing early. So we don't anticipate participating in asking any questions.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thanks, Mr. Garner. And I believe that's it. Is there anyone who is -- who might be online who hasn't entered an appearance and wishes to? Hearing no one, anyone else in the room? No. Okay. I think we are good to go ahead.

And I will turn to you, Ms. Coban, to introduce your first witness panel.

D. COBAN: Thank you. Just a very brief examination in-chief so we can get acquainted with our panel.

PRESIDING COMMISSIONER SIDLOFSKY: And if you

are going to examine them in chief, I will have --

D. COBAN: Thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Excuse me, I'm sorry. It's Mr. Dodds.

D. COBAN: And we will swear in the witnesses?

PRESIDING COMMISSIONER SIDLOFSKY: Yes.

COMMISSIONER DODDS: So before I swear in the witnesses, I just can't see all the signs there. They are as on the list here, I imagine; it's correct?

D. COBAN: That's correct.

COMMISSIONER DODDS: Thank you. Stephen Sheehy, Sam Sadeghi, Stephen Vetsis, Lincoln Frost-Hunt, and Kriston Romano you are about to give evidence in this hearing. This panel is dependent on your telling us the truth and the law requires that you do so. Therefore, before you can testify, I must ask you this: Do you solemnly promise this panel that you will tell the truth, the whole truth and nothing but the truth?

Mr. Sheehy?

S. SHEEHY: I do.

COMMISSIONER DODDS: Mr. Sadeghi?

S. SADEGHI: I do.

COMMISSIONER DODDS: Mr. Vetsis?

S. VETSIS: I do.

COMMISSIONER DODDS: Mr. Frost-Hunt?

L. FROST-HUNT: I do.

COMMISSIONER DODDS: And Ms. Romano?

K. ROMANO: I do.

COMMISSIONER DODDS: And do you understand that breaking that promise would be an offence under our law?

Mr. Sheehy?

S. SHEEHY: I do.

COMMISSIONER DODDS: Mr. Sadeghi?

S. SADEGHI: I do.

COMMISSIONER DODDS: Mr. Vetsis?

S. VETSIS: I do.

COMMISSIONER DODDS: Mr. Frost-Hunt?

L. FROST-HUNT: I do.

COMMISSIONER DODDS: And Ms. Romano?

K. ROMANO: I do.

AFFIRMED: STEPHEN SHEEHY

AFFIRMED: SAM SADEGHI

AFFIRMED: STEPHEN VETSIS

AFFIRMED: LINCOLN FROST-HUNT

AFFIRMED: KRISTON ROMANO

COMMISSIONER DODDS: Thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Commissioner Dodds. And good morning to the witnesses. Ms. Coban, the floor is yours.

D. COBAN: Thank you very much.

EXAMINATION IN-CHIEF BY D. COBAN

D. COBAN: I just want to introduce our witness panel here today. And I am going to start with you,

Mr. Frost-Hunt. If you can let us know what is your current position at Elexicon and your brief description of your professional background.

L. FROST-HUNT: Good morning, panel. I am Lincoln Frost-Hunt. I am the vice president of digital and innovation at Elexicon. My background includes 12 years at Hydro One as a director of (indiscernible) and now four years at Elexicon as their VP of technology.

D. COBAN: And, Mr. Frost-Hunt, are you familiar with the evidence in this proceeding and do you adopt that evidence as your own?

L. FROST-HUNT: I am familiar with it and I adopt it as my own.

D. COBAN: Thank you. Moving on to you, Mr. Vetsis. If you can please let us know your current position at Elexicon and provide us a brief description of your professional background?

S. VETSIS: Sure. My name is Stephen Vetsis. I am the VP regulatory affairs and stakeholder relations at Elexicon. I have held the role for almost four years now. Prior to that, I had about six years in various positions at Hydro One and prior to that about six-and-a-half years at the OEB.

D. COBAN: Thank you. And, Mr. Vetsis, are you familiar with the evidence in this proceeding and do you adopt that evidence as your own?

S. VETSIS: I am and I do.

D. COBAN: Moving on to you, Mr. Sadeghi. Please let us know your current position at Elexicon and a brief description of your professional background?

S. SADEGHI: Good morning. Sam Sadeghi, I am the vice president of asset management and distribution operations at Elexicon Energy. I have been with Elexicon for about three and a half years. Prior to Elexicon I was at the Technical Standards and Safety Authority for about three years. And prior to that I spent about a decade at Toronto Hydro holding various positions.

D. COBAN: And, Mr. Sadeghi, are you familiar with the evidence in this proceeding and do you adopt that evidence as your own?

S. SADEGHI: Yes, I am and yes, I do.

D. COBAN: Thank you. Moving on to you, Mr. Sheehy. You know the drill, just let us know your current position and a brief description of your professional background?

S. SHEEHY: Thank you. And good morning, everyone. My name is Stephen Sheehy. I am the director of asset planning and system engineering at Elexicon. I am a licensed Professional Engineer. I have been working for the last 24 years and 16 of that has been in the utilities sector in a variety of operations and engineering roles.

D. COBAN: And, Mr. Sheehy, are you familiar

with the evidence in this proceeding and do you adopt that evidence as your own on this panel?

S. SHEEHY: Yes, and I do.

D. COBAN: Thank you. And finally over to you, Ms. Romano, if you could let us know your current role at Elexicon and a brief description of your professional background?

K. ROMANO: Good morning panel. My name is Kriston Romano. I am the VP of customer experience at Elexicon. I have held this position for the most recent five years. In total, I have 25 years of experience in customer experience. Over 20 years of that has been within the utilities space including Hydro One directly, as well as working for the Hydro One outsourcer.

D. COBAN: Ms. Romano, are you familiar with the evidence in this proceeding and do you adopt that evidence as your own?

K. ROMANO: Yes, I do.

D. COBAN: Thank you. Those are my questions in-chief, and the panel is now available for cross-examination.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks very much, Ms. Coban. We are on to Mr. Rubenstein, for Schools.

M. RUBENSTEIN: Thank you very much.

CROSS-EXAMINATION BY M. RUBENSTEIN

M. RUBENSTEIN: Good morning, panel. I have a

compendium. It's marked Volume 1. I was wondering if we could mark it as an exhibit, please.

T. HOBBINS: Yes that will be marked as K-1.1.

EXHIBIT K-1.1: School Energy Coalition compendium, volume 1

M. RUBENSTEIN: I want to start with the largest unsettled issue, which is the 2027 OM&A. And I want to just make sure I understand the request and then we will get -- we will talk about some of the various components of that.

So maybe we can start at page 16 of the compendium. This is from the settlement proposal. Just to make sure I am correct, Elexicon is seeking a 2027 OM&A amount of $82.9 million inclusive of property taxes; do I understand that?

S. VETSIS: That's correct.

M. RUBENSTEIN: If we could go to page 11? Sorry, go to page 1. This is the Appendix 2-JA that you filed with the settlement proposal, and we are looking at 27 - --

Am I correct that the OM&A, excluding property taxes, is about $82.04 million -- 82.035587?

S. VETSIS: That's my understanding.

M. RUBENSTEIN: -- all right. So just so I can understand the number and the history, can we go to page 19 of the compendium? This is Appendix 2-JA that you filed with -- when you filed your application in December. You can see it's labelled

December 19th, 2025.

As I understand the original request for OM&A for 2027 at the time of filing was $77,255,000; do I have that right, approximately?

S. VETSIS: Correct.

M. RUBENSTEIN: And as I understand it, after the filing of the evidence there was an update. I am calling it the Exhibit 10 update, but there was an update related primarily to control centre costs, where there was an increase of about $3.3 million. Does that sound about right?

S. VETSIS: That sounds about right. It was an update to the costs of that critical function, for Elexicon to ensure we had a sustainable staffing strategy.

M. RUBENSTEIN: If we can go to page 22 -- sorry 23, I apologize. This is the Appendix 2-JA that was filed with the interrogatory responses in response to 1-SEC-13 that asks for various updates. In my understanding at the time, because I believe there was a small update for regulatory costs, the request was $80.865 million. Do I have that right?

S. VETSIS: That appears correct.

M. RUBENSTEIN: So when the application was originally filed in December, you were requesting 77.25 million. And by the IR stage, that had increased to 80.87 million approximately; correct?

S. VETSIS: Correct, with the vast majority of

that amount being tied to the system control centre update that we discussed earlier.

M. RUBENSTEIN: And if we can go to page 15 of the compendium? This is from that settlement proposal that was filed and approved.

As I understand the request has increased from that, and I think there's two components as I understand it. There was some updates that you had made at the undertaking stage with respect to regulatory costs. And then I believe, and if we can scroll down, we see this really talked about in the last paragraph; that's the JT-4.6 reference in the bottom of the page. And then there was an additional $1 million adjustment to OM&A. Do I have that right?

S. VETSIS: That is correct. The $1 million was in relation to necessary maintenance expenditures that had been included in our plan that had been deferred from 2027 to 2028 for reasons of rate mitigation. And under the settlement proposal with the change to the rate framework, those necessary expenditures would not have been funded. And so we are bringing them forward into 82 million -- into the 2027 test year, to ensure that we have sufficient and sustainable funding to address the reliability concerns within our service territory.

M. RUBENSTEIN: Yeah, sure. I am just trying to make sure I get the numbers correct.

So we started the application at 77.26 million.

And now the request on an apples-to-apples basis with just OM&A, exclusive property taxes, is 80.42 million. So that to me is an increase of about 4.78 percent or about 6.2 percent increase, just in the year. Do I have that correct? Does that sound about right to you?

S. VETSIS: Mathematically, that sounds correct. And again, the increases are tied to two critical areas of risk for Elexicon to ensure, you know, delivery of our operations.

M. RUBENSTEIN: All right. And can we go back to page 1? This is the 2-JA that was filed with the settlement.

Just so I can place the 82.035 million: As I read this compared to the previous year of 64.09 million, that's an increase in one year of 28 percent. Do I have that right?

S. VETSIS: And I would note that this amount does not include certain OM&A costs related to deferral accounts which have been netted out from the value shown here, and which are a part of our cost structure and enter the test year in 2027.

M. RUBENSTEIN: So maybe we can go to page 3 just so I know, just make sure I know what you're talking about here. Sorry page 3. One more down.

This is the 2-JC table, and what you are talking about is you have made what you call DVA adjustments. So these are amounts that were sitting in Group 2

DVAs that you have netted out of the OM&A line, but now are going into the base OM&A?

S. VETSIS: Yeah. And just for context, they were always part of Elexicon's historical cost structure but, for accounting reasons, would have been shown somewhere else.

M. RUBENSTEIN: Okay. And so when I look at the 2026 bridge-year OM&A which you have as we just talked about -- maybe we can zoom in a bit here -- the 64.091 million. And then when we add in the $2.8 million, I get about 66.86 million is what you're talking about is really the OM&A for 2026. Does that sound about right?

S. VETSIS: That's about right, yeah.

M. RUBENSTEIN: So that is an increase, the 2027 increase -- the 2027 amount of 82.035 million as compared to that is an increase -- I get an increase of 22.7 percent. Does that sound about right?

S. VETSIS: That does. And keep in mind as we look ahead, you know, this is also at a time where Elexicon is about to substantially increase the level of investment in its system by almost 80 percent relative to the prior five-year term.

M. RUBENSTEIN: And none of this includes on top of that, as I understand, the about $4.7 million that you are requesting to recover over the next ten years through the DVA for the Dx NEXT implementation costs; am I correct? That's not included in this; right?

S. VETSIS: You are correct.

M. RUBENSTEIN: All right.

And if we can just go back to table -- page 1? We just talked about the 28 percent; it's a little bit less because of the DVA. But I am looking back. If we take a look at some historic years: 2024 increases and 2025 increases, 15 percent, 14 percent. So also large increases, correct, year over year in the past, as well?

S. VETSIS: Yes. And as we discussed at evidence day and throughout the evidence, Elexicon has really experienced some material changes to our business conditions over the past several years with the acceleration of growth, the significant capacity constraints that exist in our service territory, the declining reliability performance, all of which have led to the need for Elexicon to invest in its system at levels above what is funded in rates.

M. RUBENSTEIN: Well, these are significant amounts above what's in rates. Correct, fair enough?

S. VETSIS: As are the demands that have been placed on Elexicon through both significant increases in customer connections, you know, weather events, et cetera.

M. RUBENSTEIN: Can we can go to page 35 of the compendium? This is a slide from your presentation day -- sorry, the settlement presentation day. Zoom out a bit here.

And as I understand what this chart is showing, it's the five-year average proposed bill impacts based on the settlement and the requests for -- the request in the unsettled issues. Do I have that correct?

S. VETSIS: If we are looking at the columns to the right that are half orange and half purple?

M. RUBENSTEIN: Yes.

S. VETSIS: Yes, that is correct.

M. RUBENSTEIN: And as I understand there, the distribution impact is subtotal A; correct?

S. VETSIS: Yes. So it would include both distribution rates as well as any Group 1 accounts or distribution-specific accounts.

M. RUBENSTEIN: You mean Group 2 accounts.

S. VETSIS: If I didn't say, yeah, Group 2 is what I meant.

M. RUBENSTEIN: And includes the Dx NEXT costs that you are seeking to recover?

S. VETSIS: That is correct.

M. RUBENSTEIN: All right. And so I am looking at this for a typical residential customer. And I guess this is a weighted average over the two rate zones? Am I correct about that?

S. VETSIS: Yes.

M. RUBENSTEIN: I see 9.88 percent a year. That's the average rate increase per year, for residential?

S. VETSIS: That is correct. One of the items indicated on the slide is the bill impact is split into two areas. The orange section reflects what we have discussed as the catchup. Which reflects the disconnect between our current cost structures and the fact that the rates that are being paid today are not reflective of the level of service, and realigning rates with those costs.

And you can see that that represents roughly 30 percent on its own of the total impact in this application.

M. RUBENSTEIN: And we are going to talk about it. I just want to make sure, the average residential customer, whatever the reason, good reason -- which I suppose you have good reasons for it, obviously -- it's a 9.8 percent average rate increase per year. That's what that says?

PRESIDING COMMISSIONER SIDLOFSKY: Sorry, could I just jump in for a minute, Mr. Rubenstein? I apologize, but you are referring to rate increases. This chart is showing bill impacts.

M. RUBENSTEIN: Sorry.

PRESIDING COMMISSIONER SIDLOFSKY: I just want to make sure we are on the same page here.

M. RUBENSTEIN: Sorry, if I said rate increases, I apologize -- bill impacts per year.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks.

S. VETSIS: Again, what this is showing is the

(indiscernible) in the subtotal A charges on a percentage basis. Yes, that it is a percentage in the subtotal A costs; it is not a total bill impact to --

M. RUBENSTEIN: So for distribution costs, customers for that component of the bill, you are forecasting residential customers will pay on average 9.88 percent more per year?

S. VETSIS: That is the average result. The majority of that occurs in 2027 as a result of the fact that our current rates do not align with our current cost structure, as well as due to the disposition of certain historical costs that have been accrued over a very long period.

Keep in mind, these utilities would be last rebased in 2011 and Veridian last rebased in 2014. So there is a significant historical gap that gets addressed early in the term.

M. RUBENSTEIN: I am just trying to make sure I have the numbers right. And for GS under 50, that is 9.81 percent?

S. VETSIS: That is correct.

M. RUBENSTEIN: GS over 50, 8.63 percent?

S. VETSIS: That is correct.

M. RUBENSTEIN: And then the intermediate GS, 7.63 percent, and large use, 8.7 percent. Correct?

S. VETSIS: Correct.

M. RUBENSTEIN: And am I correct that in the

OM&A that you're using for this and the formula that you are using to then inflate the '28 to '31 is based on an assumption of a 2 percent inflation factor, and obviously whatever the actual OEB inflation factor gets used in those years, for '28 to '31?

S. VETSIS: Sorry, are you talking about the 2027 amount?

M. RUBENSTEIN: No, when you're determining these bill impacts. The OM&A, that it's assumed to grow off the 2027 base is assuming a 2 percent inflation factor?

S. VETSIS: That is correct.

M. RUBENSTEIN: And then obviously that amount will change based on whatever the OEB's annual inflation factor is. Correct?

S. VETSIS: Yes. It could go up or down as it would for any other utility under an incentive rate-setting structure.

M. RUBENSTEIN: So if we are sort of assuming for the purposes of the formula at this time, 2 percent inflation, these bill impacts are four or five times inflation. Correct?

S. VETSIS: Again, I agree that the percentage mathematically is as you have said. It is four times greater than inflation. That said, I could -- yeah.

M. RUBENSTEIN: Can we go to page no. 36 of the compendium, just one further down? And this is the bill impacts at a rate zone level from the settlement

proposal; do you see that? And this is for the Veridian rate zone. If we can just look at the 2027 settled column; do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And, again, the subtotal A is the distribution component. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: And so for typical residential customer it's a 30.4 percent increase; do I have that? In '27.

S. VETSIS: That is correct. And that's driven, again, predominantly by the catch up in rates, that the rates that are being paid today are not reflective of the costs of underlying service. And so throughout this application we have pulled the levers that we can to try and mitigate this. We tried pursuing an application in '26 to clear group 2 accounts prior to rebasing.

I would note, as well, that the bill impacts here show, you know, show the situation with Elexicon's current proposals. You know, at the time when we prepared our application we had proposed harmonization immediately in the first year, because within the context of clearing the deferral accounts earlier it resulted in smoother rate impacts for customers. I think there are opportunities through both the lengthening of the harmonization process as well to help mitigate that initial year. You would

still see the same average over the five-year, but there are opportunities for smoothing through some of those --

M. RUBENSTEIN: I am just trying to get the numbers. But just to be clear here, for GS under 50, the 20 for Veridian customers, the typical GS under 50, it's a 27.2 percent increase in '27?

S. VETSIS: Correct.

M. RUBENSTEIN: And GS over 50, 26.7?

S. VETSIS: Again, that is correct.

M. RUBENSTEIN: Okay. And maybe we can -- I won't go through them all, but just in fairness to you just the Whitby rate zone, it's less; correct? Maybe we can go to page 38.

S. VETSIS: Yes, it's less because their rates are currently higher than those of Veridian and when we harmonize in the first year there is a bit of a, sort of, less of a journey for them to realign their costs with the true costs of providing service.

I would note as well, Mr. Rubenstein, as you can see clearly as you go across the rate increases do decrease over time. The majority of the impact is that catch up, as we have stated, due to the length of time since both of these utilities last rebased.

M. RUBENSTEIN: So just for Whitby this is the smaller one, residential 17.6; do I have that right?

S. VETSIS: That is what the table says.

M. RUBENSTEIN: And then GS under 50, 9.2, and

then over 6.9 percent. Correct?

S. VETSIS: Correct.

M. RUBENSTEIN: All right. And this was at the time of the settlement proposal, as you know the OEB released its cost of capital parameters and the impact in that, and so these increases are actually going to be higher. Correct?

S. VETSIS: They would be. My understanding is that it's not a significant change but a 3 percent change overall to the average over the period.

M. RUBENSTEIN: All right. Can we go to page 29 of the compendium? And so this is an interrogatory that we asked you, this was a -- and I think it was getting at what you were talking about, the catch up effect, and so we asked you to -- and you have provided a number of tables in your explanation that's trying tease out the impact of that. And I just want to ask you a couple questions just to make sure I understand that.

And if we can go to page 30. And this is -- this was at the interrogatory stage and obviously there's been some changes since then, but this -- directionally the numbers are going to -- tell me if they are not directionally correct or roughly correct. And if we can go to Table 3. Is this, to my understanding, is how you have broken down the deficiency into the catch up effect related to the capital revenue requirement, the OM&A revenue

requirement, and then the incremental amounts for '27 and then the incremental -- sorry, the incremental capital amounts for 2027 and the incremental OM&A amounts; am I correct?

S. VETSIS: Yes, the objective was to separate the revenue deficiency into the components that are related to the incremental ask over the test period, relative to the existing cost structures.

M. RUBENSTEIN: And when we talk about deficiency really, is a fair way to put it, is how much you need to additionally collect in rates, based on the load forecast?

S. VETSIS: In the revenue requirement model it's, yeah, it's you take the forecast charge determinants for the rate year, 2027, and you multiply those by the rates that exist at the time, which would be the 2026 rates. And it's the gap between if you -- current rates with your expectations of load and customer, and what the revenue requirement is.

M. RUBENSTEIN: But in plain English, really, we are really talking about how much you need to increase rates to collect?

S. VETSIS: To realign with the cost to serve.

M. RUBENSTEIN: That you are seeking; yes?

S. VETSIS: Yes, it is the share that rates must increase.

M. RUBENSTEIN: Okay. And when I look at Table

3, what I see is that the OM&A catch up, at least at the IR stage, was worth 37 percent of the deficiency?

S. VETSIS: Correct.

M. RUBENSTEIN: And then the incremental 2027 OM&A was worth 35 percent; do I have that right?

S. VETSIS: Yes, that's what's shown on the table.

M. RUBENSTEIN: So 72 percent of the deficiency is being driven by the OM&A request; correct?

S. VETSIS: That is correct. And that would be because OM&A hits the revenue requirement on a dollar for dollar basis in a way that capital does not.

M. RUBENSTEIN: And so when we look at the rate increases that we talked about, is it fair to say that a vast majority of the rate increase in '27 is being driven by your OM&A request?

S. VETSIS: That is fair.

M. RUBENSTEIN: And so the level of OM&A approved for '27 has a consequence -- am I also correct that the OM&A approved for 2027 has a consequence for customer rates through five years?

S. VETSIS: That's correct. And it also has a very material consequence from an actual service outcome perspective over that period, too. Because, of course, tied to every OM&A dollar is some amount of work that's being delivered to support the system.

M. RUBENSTEIN: And so when we looked at the bill increases that we talked about, would you agree

those are significant bill increases for customers?

S. VETSIS: I would. I would also say that what's very unique and different here -- you know, sorry, I acknowledge the magnitude of the rate increases. I would say what's really different in this application is, at the end of the day, the catch up. And when you take a look across the sector, you know, the majority of customers are served by utilities that have been regularly rebasing and whose costs have been aligned with the levels of service.

And so what I see here is that there is a very significant gap for Elexicon in the current levels of rate funding, relative to the actual current levels of service that customers are seeing.

M. RUBENSTEIN: And so just to be clear, when you're talking about catch up in that context are you talking about catch up where you have broken the bill impacts between catch up and incremental; is that what you're talking about? Catch --

S. VETSIS: Yes, same as the context within this interrogatory. So there is -- just to align ourselves to where we are today, before we even look at increasing our capital spend to address the capacity constraints that we have to address the declining reliability, you know, it's been so long since these utilities have rebased that the rates that exist today are not reflective of the cost to serve.

M. RUBENSTEIN: Okay. And just so we are looking, because it's still up on Table 3, still 35 percent of the deficiency is the incremental OM&A, not catch up. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: And that's obviously at an older number, we have an increased OM&A number since then at the IR stage. You are requesting more money now. Correct?

S. VETSIS: The difference would be about a million or so. I wouldn't expect a material swing in the percentages as a result.

M. RUBENSTEIN: And, again, this doesn't include anything with respect to the Dx NEXT implementation cost, which is 4.7 million over the next ten years. Correct?

S. VETSIS: It does not here. However those amounts were reflected in the bill impacts that were shown before. And when we look at the total subtotal A charges at the end of the period they actually remain below the values that were shown to customers in our customer engagement, when we saw 79 percent support in terms of the plan that we put forward.

M. RUBENSTEIN: Now your evidence -- and I have read a lot of your evidence over the last almost year. And you provide a lost of evidence with respect to OM&A costs and variances back to 2020 and am I correct that that is the first full year after

the merger?

S. VETSIS: That's correct.

M. RUBENSTEIN: And I think we can agree, and you have talked about it, that, you know, OM&A is obviously going to increase since 2020 for a number of reasons and a number of factors. Correct?

S. VETSIS: We can, and Elexicon has, articulated those factors in Exhibit 1, Tab 4, Schedule 1. You know, some examples include the rapid customer growth that we have experienced, the significant inflation the sector has experienced, the declining reliability performance that has led to investments necessary in the system.

M. RUBENSTEIN: Well, I think you named two of them. One is being obviously inflation; correct? That's one driver?

S. VETSIS: Relative to history, yes, that has been a sector-wide change.

M. RUBENSTEIN: And customer growth, obviously that drives costs. More customers you have more costs; correct?

S. VETSIS: It does.

M. RUBENSTEIN: Can we turn to page 54 of the compendium? Really 53 first, maybe. This is an interrogatory 4.1PW7. And if we can just go to the next page, you have a very handy table where you break down the total increase in OM&A costs from 2022 to 2027 into various categories; do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: From what I see, and as I understand, the first thing is baseline increase which is, I understand what you've done here and you can correct me if I am wrong here, you have escalated the 2020 OM&A for inflation and customer growth?

S. VETSIS: Yes.

M. RUBENSTEIN: And what I see of the -- this breaks down in percentages of the increase. I see 34.2 percent of the increase between 2020 and 2027 is driven by those factors. Correct? Inflation and customer growth? And then the table breaks down other cost drivers and explains them.

S. VETSIS: The one caveat I would put there, you know, for the purposes of the baseline increase we used the -- you know, to estimate growth we used changes and charge determinants. Of course this is a high level estimate for areas of customer growth, there can be growth related expenditures above and beyond that amount. And I think as we start filtering our way through the table you can kind of see some of the business drivers, and so there could still be areas of customer driven costs that are in fact captured in the lines below.

M. RUBENSTEIN: All right. Well, what I see here is that 34.2 percent of the increase is driven by inflation and customer growth, and I take the comment you made. And so -- and I think the rest

then, 65.8 percent represents increases in other costs. Correct?

S. VETSIS: New business obligations that have arisen, both the increase in the level of capital investment in the system, which is not just driven by customer growth. As well as you'll see regulatory changes, you know, growing transaction volumes for finance. It is just, again, there are many business drivers which drive obligations on Elexicon for delivery of service, which have accelerated materially since merger.

M. RUBENSTEIN: And so when I look at the dollars here, $13.2 million and it just is with respect to the inflation and customer growth, and then if we just go to the total on page 56. And, again, this is at the time of the interrogatories, 38.6 million. So my math is $25.4 million of the increase, at least at the IR stage, is for costs above inflation and customer growth; correct? Driven by other factors, and you mentioned a couple of them. Correct?

S. VETSIS: I would agree with that with one clarification, of course. And that being, again, the baseline is built off of the rates in the period of time. So what this is saying to me is that, relative to cost structures, ten years old -- more than ten years old, if you applied inflation to those cost structures, which is are very, very out of date, I

don't think any of us would agree that 10, 15 years is a long period of time. That if you applied inflation to those you would account for 34 percent of growth and that the remainder is changes in business conditions and levels of investment.

M. RUBENSTEIN: Approximately two-thirds of the increase is that latter category, correct? Changes in business conditions that you are talking about?

S. VETSIS: Correct.

M. RUBENSTEIN: Obviously, a very significant amount?

S. VETSIS: True. I acknowledge the percentage is large. But of course percentage in and of itself is not a measure of prudence. We have to look to the need and the obligation. And of course, there are many things that have changed, right?

We have had changes with respect to GOCA, and locates, which has then added costs to our system. We are building off of a baseline in costs in 2010/2011. We live in a world now of cloud computing, of heightened security, cybersecurity risks.

From a regulatory perspective, we have seen dramatic changes to connections rules for both DER connections, housing connections, price optionality.

So again, when we are comparing to a world 15 years ago from our cost structure perspective -- and you're right that the changes in obligations since

that time are significant and are the primary driver of the change.

M. RUBENSTEIN: I just want to be clear, because you kept talking about, you know, starting off a base in 2011. But just so I understand the table, my understanding is it starts with 2020 actual expenditures.

Maybe we can just turn to page 54. This is what you say -- this is what the interrogatory says, I don't mean you personally.

If we can go to the top of page 54. This reads:

> "A breakdown of the OM&A cost drivers is provided below. It clients an estimated OM&A baseline using Elexicon's actual OM&A costs from the year 2020 and escalating this amount for inflation and customer growth." (as read)

S. VETSIS: That's a fair point. I should have said pre-merger costs. Thank you for that clarification, Mr. Rubenstein.

M. RUBENSTEIN: Sorry? 2020 is post-merger. Correct?

S. VETSIS: Correct.

M. RUBENSTEIN: Just so I am correct, when we were talking about the 65.8 percent representative of other costs, that's higher now; right? You're requesting more than that, because we have some additional regulatory costs. And obviously the $1 million you're seeking for 2027, moving forward --

bringing forward from 2028. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: Okay.

Can we turn to page 41 of the compendium? Sorry, 40. I apologize. And this is your OM&A evidence, this is part of your OM&A evidence, the beginning of your OM&A evidence; correct?

S. VETSIS: That's correct.

M. RUBENSTEIN: All right. Maybe we can go to page 42. Just scroll down to line 3. And you say:

> "Given the evolving needs and operating conditions, Elexicon's OM&A costs have increased in light of the necessary hiring for its scaling capital and maintenance work programs, and the costs of the digital infrastructure necessary to maintain secure and efficient operations." (as read)

Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: Maybe we can flip the page over. This is under the category -- this is in your evidence under the category, "Scaling operations to deliver capital plan and address capacity and load growth."

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: And you talk about how -- and I am looking at line 20, here:

"Elexicon's acquired load forecasting and system planning expertise to address existing capacity constraints and prepare for the future growth. Such workforce additions, although driven by capital investment needs, impact OM&A costs as only a portion of total labour costs are capitalized, and all workforce growth has a downstream impact on technological requirements (e.g. software user licence, training needs) which are also expended." (as read)

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: And you say:

"In addition, as the number of system assets increases, the volume of maintenance activities also increases, requiring additional resources to ensure reliability, safety and compliance." (as read)

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: Maybe we can turn to page 48 of the compendium. Under the category, "Key drivers of OM&A work," the first one I have is: "Scaling operations to deliver capital plan and address capacity load growth." And maybe we can flip the page over. And you say:

"To meet these mandatory drivers of work, Elexicon restructured its asset planning and

system engineering functions to include dedicated system planning and load forecasting and implement formalized asset management workflows." (as read)

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: Then there a footnote; it is footnote 15. It says:

"Although these roles are primarily capitalized, a portion of these costs are expensed to OM&A for activities associated with non-capital activities." (as read)

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: And I am not going to go through all the references, but obviously there are a lot of references in the evidence with respect to the link between needing more OM&A resources to scale to the capital plan. Is that fair?

S. VETSIS: Yes, that's fair, not only in addressing volume of work, but also in establishing the foundational capabilities in governance that a utility of -- that a work program of the size that Elexicon is delivering would require.

M. RUBENSTEIN: That's fair enough.

And can we go to page 10 of the compendium settlement proposal? And as I am reading, and I am just reading under "'27 to '31 capital expenditures

and in-service additions":

"As the parties agreed to an envelope, 16 percent reduction to Elexicon's proposed '27 to 31 capital expenditures representing approximately 118.4 million." (as read)

Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And if we flip to page 11, this is sort of the year by year. And I am just looking at '27 here, for example. If we just go down to "difference," a reduction of about 19.7 million?

S. VETSIS: Yes.

M. RUBENSTEIN: So the capital program you sized your OM&A request to is now 16 percent smaller. Do I have that right?

S. VETSIS: You do. However, it's important to note that, you know, the delivery of our capital program will increasingly rely on, you know -- sorry. As the scale grows, there are certain foundational functions that need to be in place.

You know, good examples of this include vendor management as we rely more on external contractors, you know, project manager for major projects.

And so when we took a look and considered the settlement proposal, what we saw was from a 2027 staffing perspective. There was no impact as a result of the change in capital because the investment in the people in the first year ultimately

are related to standing up the functions that we are going to need to execute over the long term.

And so while we might see a decline in some of the dollar value that goes out to a particular vendor, we are still going to be managing multiple vendors and setting up those kinds of functions. And so, you know, while we have not done a detailed bottom-up staffing plan for the external years, we don't anticipate any change in 2027 staffing foundational functions.

Again, it's important to note that even with this reduction we are still looking at 80 percent more capital in 2027 to '31 relative to the past five years.

M. RUBENSTEIN: Sorry. So you are spending 16 percent less capital this year; your OM&A is sized for the proposed capital plan. And what you're telling me is no change in OM&A. There will be no change. We need every single person, we need every dollar?

S. VETSIS: There is a timing element to things, Mr. Rubenstein. So same with, like -- as we might say with the station, right? We build stations to serve communities over time. And so that's a lumpy investment that happens at the beginning. And then, over time, you grow into it.

And it's the same thing on the OM&A perspective. You don't just show up and the capital plan gets

delivered. You need to establish the appropriate execution functions in advance of that program. You need to set up the appropriate governance and processes. And that's ultimately what we have early in our plan. It's putting in the foundational capabilities and the foundational structures for execution to then grow into over the term.

M. RUBENSTEIN: If we just look at the chart on the table, it is not just 2027 that sees a reduction; it's 16 percent every year. Correct?

S. VETSIS: Again, Mr. Rubenstein, I acknowledge that the capital is decreasing by 16 percent each year over the plan. As I stated earlier -- but the response remains the same, which is that in the initial year, in 2027, the staffing requirements are not altered because we need to set up the foundational capabilities over the term.

Now, what you will notice, in our application we did have a staffing plan, right, with staffing additions that were phased out over multiple years. And where we likely will see the impact of the capital reduction is in the timing of those additional staffing requirements in the future years of the programs.

But again, the activities of putting out RFPs, getting MSA contractors, standing up vendor management, having performance scorecards for vendors, all that functionality that is required to

deliver on a growing work program is -- it's not quite variant on the amount of dollars that we push out to the, you know, to the contractors each year. We still need those functions, those processes and that governance for execution.

So again, that's why in 2027 we won't see an impact from a staffing perspective because we need to build those foundational capabilities.

M. RUBENSTEIN: The contractors are doing 16 percent less work; you're telling me exactly the same amount of work for Elexicon?

S. VETSIS: I am saying the stand-up of the foundational function, of vendor management, you know, et cetera, that initial phase-up is the same. And then as time goes on, we may see a delay in the positions in the outer years, for example '29, 2030 kind of thing.

M. RUBENSTEIN: Can I ask -- I want to ask you: As I understand and you will correct me, Elexicon was a formed -- a merger of Veridian Connections and Whitby Hydro. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: And this is the first rebasing application of the amalgamated company?

S. VETSIS: Yeah. It's the first rebasing for either entity in the ten years.

M. RUBENSTEIN: I believe the OEB approved that merger in EB-2018-0236. Does that sound correct?

S. VETSIS: I am going to trust you on the EB number. The year sounds right.

M. RUBENSTEIN: That's fine.

Can we turn to page 93 of the compendium? This is from that application. And the table shows as I understand what the -- what was done by the merging utilities, is they filed two OM&A forecasts. One was for the merged utility, which didn't have a name at the time, so they called it MergeCo, and then the other was the status quo. Do you see that in that table?

S. VETSIS: I see that.

M. RUBENSTEIN: There is a line that says "Total OM&A MergeCo" and it -- and it's -- and it shows the savings that would have been -- you know, the savings and transition costs as compared to the status quo OM&A forecast. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And the forecast goes to 2029 because, at the time, the proposal was obviously a ten-year deferred rebasing term?

S. VETSIS: That's my understanding.

M. RUBENSTEIN: All right. And when I am looking at these numbers, the status quo for the MergeCo -- I am going to look at 2027, because that is what we are here for -- the status quo OM&A forecast that I am seeing, and correct me if I am wrong in the numbers here: 57.5 million

approximately? Does that sound about right, looking there, 57.473?

S. VETSIS: Yes. That is the forecast that the utilities had prepared way back in 2017.

M. RUBENSTEIN: Yeah. And then the MergeCo, so that would be the amalgamated, was going to be 51.146 million. Do I have that right?

S. VETSIS: Yes. My understanding is the difference between the two would be roughly the synergy savings.

M. RUBENSTEIN: Maybe we can go to page 81 of the compendium.

This is a chart we put together. Maybe we can go up and just look at the numbers here. And line 1 there shows the status quo OM&A forecast between 2019 and 2027. Line 2 is the MergeCo forecast. Line 3 is the actual forecast, like, what ended up happening and what's forecast for '27. And then line 4 is when you include the DVAs that we talked about before.

Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: Do you have a problem with those numbers? These were sent last week, so just to be clear.

S. VETSIS: Well, I haven't individually checked every value. A few spot checks suggests that it aligns with the evidence that we have.

M. RUBENSTEIN: Okay. Thank you. And then we

have a graphical representation of that table. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: If we can scroll down a bit to make sure we know the colours here? The orange is the MergeCo, the green is the status quo, and then the dark blue is the actual forecast and the light blue is the actual forecast including the DVA amounts.

Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And what I see is for the -- up until at least 2023 -- well, we were essentially on -- we were hitting -- the company was hitting its MergeCo forecast till 2022. Do I have that right?

S. VETSIS: That's correct.

M. RUBENSTEIN: And then in 2023 and 2024 it was about at the status quo forecast, slightly higher, with the DVA balances in 2024. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And obviously since then much, much, higher; correct?

S. VETSIS: Yes. And, you know, as we have stated in the evidence, you know, in the early years of the merger the organization was able to achieve, you know, some good success from a synergies perspective to offset some of the external cost pressures that it was experiencing. But over time

that sustained impact to some of those business conditions, which changed drastically from what was contemplated at the time of merger, ultimately led, you know, to increased costs that Elexicon needed to incur in order to meet the service requirements and regulatory obligations within its service territory. And so the trajectory that you see here actually aligns quite a bit with what we discuss in our early rebasing business case. You know, both the change in COVID, increased inflationary pressures across the business, you know, growth in the capital program. I mean, these utilities when they made this forecast they were projecting capital spends of 30 to $35 million a year. They were anticipating a world of relatively status quo with the exclusion of the Seaton Transformer Station, and that's not ultimately what occurred. And --

M. RUBENSTEIN: Just so we can be clear, when we are talking about COVID and the high inflation, that took place -- depending on when your clock starts and ends with respect to COVID. But, you know, 2020 -- 2021, '22, '23 when you were meeting, when the company was meeting the forecast; correct?

S. VETSIS: That's correct. Again, as I stated, we were able to leverage, you know, the synergy savings as much as possible. But, again, coming out of COVID we have seen a real siege, not just in, you know, the connections. We have started seeing a

difference in the decline in reliability performance, which ultimately drove to more investment. Prior to COVID people sat at a desk with a desktop computer and went home, we now live in a world with hybrid work with more cybersecurity risks, and so, again, it's not -- I recognize COVID happened early in the term, but there are lingering impacts of that change that continue to impact our society.

M. RUBENSTEIN: Maybe if we just scroll up just to look at the actual numbers. I am comparing the 2027, 82 million roughly to the MergeCo forecast of about 51 -- we are talking about a $30 million, plus, difference. Correct? Well, it's 60 percent higher. Correct?

S. VETSIS: I am not able to do the mental math on the stand right now. I acknowledge that the values are higher. I would also note that in 2026 our capital expenditures were 77 million. Again, compared to an estimate of relatively 30 to 35 that was anticipated at the time of the merger. That's more than doubling of the amount of work that's occurring today relative to what was contemplated then.

And I think we have also talked about, earlier today, as we look forward and we plan for our needs in the future our -- you know, our system requirements are growing substantially and there is a certain degree of investment that occurs, you know, a

little bit ahead of time. We talked about you have got to put the teams in place to build on the plan, to deliver on the work, and you start to see some of that laying the foundational ground work in 2025 and 2026 as the organization is preparing itself, in putting the foundations in place to execute on the plan that is now approved in this proposed settlement agreement.

M. RUBENSTEIN: And when I look at the actual 2027 proposal -- sorry, the forecast 2027 proposal versus the status quo without the merger, it's about a $24.6 million difference; look right?

S. VETSIS: Yes. But, again, we are talking about -- we are comparing to a forecast that was built in roughly the 2017 timeframe and we are assessing its accuracy ten years out in an environment where business conditions have changed materially. You know, it's something that could not have been contemplated at the time the original utilities put their OM&A forecasts together. So it's a very different operating environment today that than what was contemplated at the time of merger.

M. RUBENSTEIN: When I look at this could we say now that -- are customers actually served by the merger? It's so much higher than even the status quo OM&A forecast.

S. VETSIS: We can absolutely say that customers have seen a benefit of the merger, that is shown

through both the synergy savings that have been achieved through both service outcomes such as the jump 24/7 control room that now applies to Whitby, improvements we have made to our planning processes. The pressures that exist that Elexicon is facing would have occurred with the merger utilities regardless, and they would have had to make investments on their own to address these pressures.

And so, you know the two entities have come together, we have removed duplicative system where possible, we have been able to achieve some cost efficiencies through the scale of the organization, and now we are starting with an efficient base on which to build, to grow for the needs of the communities as we go to the future.

M. RUBENSTEIN: OM&A for customers, is that another metric the company looks at?

S. VETSIS: It is a high level metric, yes.

M. RUBENSTEIN: I think I have seen it on your corporate scorecard.

S. VETSIS: It was historically. It's not a part of our current corporate scorecard.

M. RUBENSTEIN: If we can turn to page 82 of the compendium. And this is a table we put together with respect to data that was in the MAADs application. Similar to the total OM&A, but on an OM&A per customer. And if we flip quickly to page 83 just so you can see, and you have the underlying spreadsheet

provided to the panel, this is just the backup data so everyone sees where it all comes from. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: So what we see here -- maybe we can go back up to the other page. And what we are seeing here, in many ways, a very similar story to the overall OM&A question, we are seeing that in the early years the company's OM&A per customer was at least below the status quo. And then since 2024 up to the proposal, like a rocket ship, it's very different now. Correct?

S. VETSIS: I would disagree with your space analogy of the rocket ship trajectory. Again, these values that were forecast were based off of anticipated operating conditions in 2017. And so, you know, as an organization -- as an entire sector we have seen a real sea change in the nature of our business, in the cost structures, in the growth, et cetera. And so, yes, the values here I agree are above the forecast in the application.

But could we go, perhaps, to Exhibit 1, Tab 5, Schedule 3, page 11? Now, what is shown here in this table is the OM&A per customer of Elexicon as compared to its peer group and as compared to the provincial average. And so when I take a look at this, what I see -- my take away is that Elexicon has continued to, despite the increases in costs that

have occurred, has continued to be in line with its peer group and well below the peer average from a cost perspective. And when we look at updated 2025RRR numbers Elexicon remaining roughly in line with its peer group average, despite those increases that you showed on the other table.

And I think the other metric, in my mind, that is worth considering and keeping at the back of our minds is that in this proceeding there is benchmarking evidence from multiple experts, both PEG and both Clearspring, both of whom have concluded through their analysis that Elexicon is an above-average cost performer, both had recommended a 0.15 stretch factor. And so, again, I recognize the trend that you had shown in that table, we are comparing to forecasts of a world that no longer exist; right? And when we look at Elexicon on a comparable basis, in this world today, Elexicon remains a good cost performer, despite the pressures, despite the highest level of growth in -- the highest level of the large utilities in this province.

M. RUBENSTEIN: Sorry, this ends in 2024, this table you are showing me here?

S. VETSIS: That is correct. But we remain roughly in line with the peer group in '25 when you look -- at the time this evidence was prepared we only had the 2024 triple R data.

M. RUBENSTEIN: If we can go back to page 83.

Back to page 83. Scroll down. And when I am looking at including the DVA, so let's just include the DVAs, we talked about that those are amounts in group two accounts and those are costs for the company. We are just looking at the -- since 2024/2025 it's a significant increase. Correct? I mean, you are proposing -- it's about -- in 2027, based on the latest ask, it's about a $444 OM&A per customer? And even just compared to the 2026, which was at 366, so very, very significant. Huge step change; correct?

S. VETSIS: Correct. However, as I note, when we compare to the broader sector these pressures that Elexicon is experiencing are not unique to Elexicon. The world in which we are operating has changed significantly. The regulatory requirements have increased. Inflationary pressures of -- all these factors -- and so when we look, on an apples to apples basis, Elexicon remains a good cost performer, despite the increases that you're saying. And I would note as well, you know, including the DVAs, of course, doesn't yield a meaningful comparison to other utilities, because now we would then be looking on an inconsistent basis from OM&A performance -- other utilities may have costs in their deferral accounts as well. And so, on apples to apples basis, which is shown in Exhibit 1, Tab 4, Schedule 1, Elexicon benchmarks well from a cost perspective.

M. RUBENSTEIN: Just, again, we'll go up --

let's go to line 11, that takes out the DVA. I thought that was beneficial to the company, but if you want to exclude that we are seeing an even greater increase from '27 to 2026. We actually don't know how you're performing in '27 against other utilities. You are showing us 2024/2025 information. Correct?

S. VETSIS: That's the information that we have that allows us to make a meaningful comparison. However, again, and I would note the rate of growth in our service territory and investment is substantial, and from other applications that we see this trend is occurring across the sector. As utilities have to cope with increasing levels of investment, right, it's not -- you need the structures, the people, et cetera, in place. So this is, you know, it's more acute for Elexicon.

M. RUBENSTEIN: And this is -- and I think you have talked about this before and it's in the evidence, Elexicon, comparatively, is seeing higher customer growth?

S. VETSIS: That is correct. But also against the backdrop of some of the most significant capacity constraints.

M. RUBENSTEIN: And so when I look at the customer forecast, and you see this in line 13, 10 and 13, that's included in your evidence of your forecast and actuals, historic. And I compare it to,

actually, line 6, which is what was in your -- what the merger forecast had forecasted at the time of the merger application, sorry. You actually have less customers than at the time of the -- than the merger application was forecasting for this time. Correct?

S. VETSIS: That is correct. The merger application customer growth included assumptions that I don't believe have ever occurred in this province.

M. RUBENSTEIN: All right. So we had OM&A forecast that was, in your view, too low but customer forecast assumptions that were too high. Is that what you are saying? I would have thought those things go in tandem.

S. VETSIS: You have that correct in the sense that the OM&A is higher and the customer account count is lower. What I would note, is our evidence though -- not all customers are the same. And I think our evidence has been pretty clear about the nature of some of the things we have seen. If I recall, from 2020 to 2024 we saw doubling of the large customer connections and the associated load with those went up five times. And so I think when we look at the intensity of the energy needs, as well as the capacity constraints that exist -- the other factor I would note, too, is the trends we are seeing from a reliability perspective.

And so while -- if the customer -- with the declining reliability trend we need to be investing

more in the system to stem that performance from a customer perspective. And that adds costs without associated growth in the output but is necessary for proper service outcomes.

M. RUBENSTEIN: I want to talk about Dx NEXT. If we can turn to page 171 of the compendium. Actually, maybe just before I get -- just so I have an when if the panel want a break. Just so I can --

PRESIDING COMMISSIONER SIDLOFSKY: The thinking is that we would break at 11. But, Mr. Rubenstein, if you want to pick a good time and make a suggestion, that's great.

M. RUBENSTEIN: Either now or at 11:15. Just I don't want -- is that possible?

PRESIDING COMMISSIONER SIDLOFSKY: Let's go to 11:15.

M. RUBENSTEIN: Sure. Can we turn to page 171? This is from the evidence with respect to Dx NEXT. Correct?

L. FROST-HUNT: Yes, that is the executive summary. Correct.

M. RUBENSTEIN: And Dx NEXT stands for distribution next. Correct?

L. FROST-HUNT: Yes, that's right.

M. RUBENSTEIN: I think on the next page, or maybe it's this page, you describe it as a project to replace Elexicon's legacy systems with industry-standard integrated customer and enterprise resource

planning and cloud-based solutions. Do I have that right? I was looking at page 172, line 14. That's the description of -- the high-level description of the project?

L. FROST-HUNT: Yes. That is correct.

M. RUBENSTEIN: We can flip the page over.

You talk about it replacing aging legacy systems that support critical business functions. That's what it's for? Line 4?

L. FROST-HUNT: Yes, yeah.

M. RUBENSTEIN: And as I understand it, we see this on the next page -- at a high level, I recognize it's more complex than that -- but at a high level, at least from my mind, there are two large components of it. There is a new-customer information and billing system, and then the second is a new ERP for finance, asset management, field work, HR procurement. Is that fair?

L. FROST-HUNT: Yeah. Dx NEXT is really oriented around two outcomes. So one was a cyber-risk reduction, which was the customer information system, as well as enabling the future work program, which is that core ERP component.

M. RUBENSTEIN: And so while it has, I say, a fancy name, it's really about replacing old billing and back-office systems with new ones. That's a big part of it; right? I get they are different, they are better, but...

L. FROST-HUNT: Yeah. It's certainly not a like for like. We are talking about implementing a toolkit that is allowing Elexicon to significantly increase its capital work program as well as replacing legacy systems that were frankly running on Windows 2008 and Windows 2012, which you'll agree is a significant cyber risk.

M. RUBENSTEIN: And that a big component of the Dx NEXT as compared to an historic system is it's a cloud-based system. Correct? Cloud-based systems is probably a better way to put it.

L. FROST-HUNT: Yes. It is cloud-based system; software as a service.

M. RUBENSTEIN: So what that means is it's not run on assets the company owns?

L. FROST-HUNT: Yeah, they are hosted solutions. I will note that despite that these are cloud based, there is still a large amount of network infrastructure, network segmentation, overhead and administration even though the, you know, resources themselves are cloud based.

M. RUBENSTEIN: And as I understand from the evidence, it's not just replacing systems. It's your view -- and justifies the costs to some degree -- is that it's bringing significant benefits to the company and to customers. Correct?

L. FROST-HUNT: Yes. Those benefits come in kind of two distinct ways. So one is an avoided cost

by eliminating future FTEs and getting more efficient. And those have been quantified and taken out of our forecast.

The second is the overall enablement of the capital work program. So you are seeing, you know, the number of FTEs per one million of capital, you know, dropping from about five FTEs to about two and a half over the rate term. So you are getting a doubling of the capital productivity per FTE. So that is the second nature of the benefits.

M. RUBENSTEIN: All right. And is that driven by the systems or is that driven by you have a lot -- we just talked about earlier on today, a lot of the capital is being done by contractors. And the increase of capital is being driven by the contractors?

L. FROST-HUNT: The tool that we are implementing -- Dx NEXT is really a process solution as much as a technologies solution. So we are implementing the very foundational modules of ERP, so finance, asset management supply chain and procurement. Each of those models, Mr. Rubenstein, is tied directly to that doubling of our capital productivity per FTE.

M. RUBENSTEIN: All right. And if we can go to page 171, back to page 171?

Just looking at page -- line 24, you talk about how it's a key investment, reduce business continuity

risk, streamline workflows, improve asset visibility and enhance customer self-service.

Do you see that?

L. FROST-HUNT: Yes, I see that.

M. RUBENSTEIN: And I think that's a bit of what you were talking about with respect to the benefits?

L. FROST-HUNT: Yes, exactly.

M. RUBENSTEIN: And then if flip to the next page, you talked about -- you also talked about this:

> "Standardized processes and centralized data will support scaleability, enable future automation control, improve long-term cost while improving transparency, efficiency and service quality." (as read)

Do you see that?

L. FROST-HUNT: Yes. And it's those standardized processes based on those foundational modules that are going to enable us to get that productivity lift and get that throughput.

M. RUBENSTEIN: And one of those benefits is lower OM&A. Correct?

L. FROST-HUNT: You'll see in Table 1 there are quantifiable OM&A cost savings that are represented in our forecast.

M. RUBENSTEIN: And in line 3 on this page, you say:

> "The implementation of Dx NEXT is forecast to reduce OM&A expenditures from '27 to '31 by

21.05 million as captured in Table 1. On a yearly basis, such savings amount to 4.21 million, which offsets the proposed deferred implementation costs, the total costs of 42 million spread over the ten years." (as read)

Do you see that?

L. FROST-HUNT: I do see that. And the math is -- the math for the Dx NEXT business case is a ten-year term. So that 4.2 million annual benefit over the ten years is how we get to the 42 million.

M. RUBENSTEIN: So the savings will pay for the implementation costs?

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

S. VETSIS: The quantifiable savings, however, have already been built into the OM&A forecasts for the application.

M. RUBENSTEIN: Can we turn to page 118 of the compendium?

This is a different version of this table that you provided in, I think, 4-CCC-51.

Do you see that?

L. FROST-HUNT: Yes, I see the table here.

M. RUBENSTEIN: And in my understanding, the two changes is there was a correction to the average annual savings. I think there was an issue with respect to -- it was e-billing. And then you were asked to provide the deferred implementation costs inclusive of interest. Do you see that?

L. FROST-HUNT: Yes. This change represents the inclusion of inflation, as well as fixing the calculation error on the customer care non-labour line.

M. RUBENSTEIN: Sorry, when you mean inflation, you mean interest?

L. FROST-HUNT: Yeah. It's the interest on the labour efficiencies and avoided hiring and billing. So it's 8.12 to 9.01.

M. RUBENSTEIN: Okay. So when I look at this, even if we use the old implementation costs in the last table, at least during this rate term it's no longer paying for itself. Correct? We have $3.77 million average annual savings. And if we went back and we compared it to the previous table, $4.2 million in costs?

L. FROST-HUNT: Yeah. It would be the 37 million now, against the 42. Correct.

M. RUBENSTEIN: But what I said, it's no longer paying for itself during the rate term. Correct?

L. FROST-HUNT: So Mr. Rubenstein, the forecast continues to be revised as we get more information, post-go live. So we were able to fully mitigate the cyber risk. And we are actually seeing an increase in some of the customer care non-labour components. And I will ask Ms. Romano to speak to those.

M. RUBENSTEIN: Right. Just before, just to make sure I understand, just make sure we are not

apple and -- you are answering the slightly different question.

At least based on these numbers -- and with what you are telling me, those numbers are changed -- but at least based on these numbers, with the revised savings numbers as compared to the costs in the application, during the rate term it no longer is paying for itself. The costs are now higher than the savings that you were forecasting.

Yes? Do I have that part right?

L. FROST-HUNT: Yeah, There are many Dx NEXT numbers. So with regard to the 42 million implementation costs, the 3.77 times ten years is 37 versus the 42, if we are just to land on that.

M. RUBENSTEIN: Well, I am just looking at -- on this table, the 3.77. This is the average annual savings, '27 to '31. Do you see that?

L. FROST-HUNT: Yeah.

M. RUBENSTEIN: Do you see that number?

L. FROST-HUNT: Yes, I do.

M. RUBENSTEIN: And if we go back to -- and, sorry, I just lost my page here, if we go back to page 171 -- sorry 172, I apologize -- the table that has the 4.2 million in deferred implementation costs.

We now have the costs are more than the savings, where before on this table you were showing the savings were, let's say, equal to the costs. Correct?

L. FROST-HUNT: Yes, the 3.77 versus the 4.21.

M. RUBENSTEIN: Okay. And so that means that the savings no longer cover the costs. Correct?

L. FROST-HUNT: Based on this table, correct.

M. RUBENSTEIN: Okay. Now I interrupted you. You were going to provide it, so in fairness to you, I apologize.

L. FROST-HUNT: Yeah. We were going to show you that we have actually made up the gap.

K. ROMANO: Hi. Good morning.

So with reference to the e-billing or the postage savings that were part of the original business case, and I think this is a testament of how quickly things change, I was here in the technical conference and we were talking about forecasted enrolment rates going forward. I was doing some back-of-the-napkin math with Mr. Gluck.

And now we find ourselves in a position as recent as last week where postage rates have yet increased again. So as part of the federal announcement that came out last week, we are now facing a 38.9 percent postage increase.

So for this reference point to the original business case, had we not implemented Dx NEXT our ability to be able to fund and support our paper billing process, irrespective of whether it's a 37 percent forecast, 39, 42, it would close the gap with respect to the numbers that are found on this table.

M. RUBENSTEIN: Completely?

K. ROMANO: I would have to do that calculation. But I would assume that a 40 percent postage increase, if I were to look at and analyze even the impact given to where we are now, that would be a million dollars over the rate term, like, over this five years, just this one decision alone.

So going back to the original business case where we looked at the original e-billing platform versus the implemented new one, with Dx NEXT and therefore driving customer enrolment, although I have not done the math I would say with high probability that it would start to close that gap. Yes.

M. RUBENSTEIN: All right. Maybe we will take that break now.

PRESIDING COMMISSIONER SIDLOFSKY: Yes, Mr. Rubenstein let's do that. It's about 11:05; let's break until 11:20.

--- Upon recessing at 11:06 a.m.

--- Upon resuming at 11:23 a.m.

PRESIDING COMMISSIONER SIDLOFSKY: Please be seated. I think we are ready. Mr. Rubenstein.

M. RUBENSTEIN: Thank you, panel.

I want to stay on the Dx NEXT. I want to understand better what we were just talking about before the break, the $3.77 million a year in savings that you forecasted in 4-CCC-51. I was wondering if we can go to the compendium?

T. HOBBINS: I think we might just have to wait a couple minutes. I am not able to gain access to that.

PRESIDING COMMISSIONER SIDLOFSKY: We will just take a minute, until Ms. Fearon takes us off the break screen. Thanks. Sorry, Mr. Rubenstein go ahead, please.

M. RUBENSTEIN: I am wondering if we can go page 127 of the compendium, just to orient ourselves? Page 127 through 130 is a printout of an Excel spreadsheet, an attachment to 4-CCC-51, and it is showing the calculations of the savings.

Do those look familiar to you, those pages?

L. FROST-HUNT: I don't see them on the screen, but I am familiar with them.

M. RUBENSTEIN: Page 127 through 130 of the compendium. It is the printout from the Excel spreadsheet that you filed as Attachment 1.

L. FROST-HUNT: I am familiar with that table.

M. RUBENSTEIN: Okay.

When I go through this, I mean, this is showing the '27 to '31 savings. But when I look through it for 2027 savings, I get $1.76 million. And I am just going to walk you through how I have done that.

So if we go to page 129? Sorry, 128. This is for the E-bill savings. And you can see this, to 2027, if you do down the column to the bottom, you get 0.115 million, so $115,000. Do you see that?

L. FROST-HUNT: Yes. The incremental savings per year, the 0.115?

M. RUBENSTEIN: Yeah.

And then if we go to page 129, this is another category. This is the FTE efficiencies. And I see for -- just back out just a little bit there -- for the customer care efficiencies, 1.3 million?

L. FROST-HUNT: That's the annual FTE efficiency savings at the bottom, of 2027 -- 1.3.

M. RUBENSTEIN: Yes.

L. FROST-HUNT: Yeah.

M. RUBENSTEIN: And there is none for finance for 2017.

L. FROST-HUNT: The finance module will not go online until 2028, so.

M. RUBENSTEIN: And then if we go to page 130. This is the last one with respect to software, some software savings. Go to the estimated savings and I go to 2027, I go all the way down the total. It's hard to see, but it's $340,000?

L. FROST-HUNT: I am not able to see that. Oh, yes.

M. RUBENSTEIN: And that's where I get the 1.76 million for 2027 savings; does that look about right to you? Those are the pieces?

L. FROST-HUNT: Subject to check, Mr. Rubenstein, yes. I will take your math.

M. RUBENSTEIN: And so by far the largest is the

customer care efficiencies. Correct?

L. FROST-HUNT: Correct.

M. RUBENSTEIN: And maybe we can flip back to 129 and look at that, just so I understand that. So that's 1.3 million in 2027 and, as I understand, what it is it's that you were saying that you would not hire 9 customer care positions in 2027 due to Dx NEXT; do I understand that's how you get the 1.3 million?

K. ROMANO: Yes, that's correct.

M. RUBENSTEIN: And so it's a forecast of hiring avoided rather than a reduction of 9 positions in the existing workforce; correct?

K. ROMANO: Yes, that's correct.

M. RUBENSTEIN: And so if we go to page 66, if we go down to the table, this was in response to 4-CCC-57. You provided FTE's by division. Do you see that?

K. ROMANO: Yes, I do.

M. RUBENSTEIN: And would I be right that the customer care efficiencies, they would be in the customer experience division?

K. ROMANO: Yes, the second row in the table.

M. RUBENSTEIN: And so what I see with respect to positions, if we say start in 2025, 79.2, you're forecasting 76.9 in 2026, now 77.1. Do you see that?

K. ROMANO: Yes, I do.

M. RUBENSTEIN: And so what you're saying is, if

you did not have Dx NEXT, in 2026 we would have 76.9 FTEs and customer experience, but we would need to go up to 86 in 2027. Is that what the company is saying?

K. ROMANO: So if we look at the FTE model for 2024 and 2025, the incremental staff that we have onboarded for two purposes, but predominantly to address the implementation of Dx NEXT. So those FTEs are not captured within this table as they were funded by the project. So what we are saying is, had we not implemented Dx NEXT, for us to be able to manage the volume of work coming at the operations centre, both inbound contacts, proactive outbound collections, billing complexity, that we would have found ourselves in a position, yes, that we would have onboarded to the tune of 9 incremental staff.

M. RUBENSTEIN: So because it's a 2027 number, as I understand, in your efficiencies we have 76.9 that's in 2026, that's, let's call it, 77. You would need to have -- you'd need to hire 9 more people in a single year?

K. ROMANO: The demand on the operation, and therefore the need for incremental staff, is not just starting in 2027. The need for incremental staff actually started at the end of 2023 and going into 2024. As we were embarking, as I just noted, on the Dx NEXT project we were not in a position where we could deliver the full scale of the operation. What

that means is we had the cut back on some core areas to be able to manage both existing operational demand as well as the requirements that were on the operation to deliver the needs of the project.

So it's not that it, all of a sudden, in 2027 that the demand the was there, we have been having to manage that demand in different ways, and because the Dx NEXT project, for customer purposes, has come to a close this year we are now getting into a stabilization period and we are now in a position where we need to meet the full needs of the operation.

M. RUBENSTEIN: Okay. So if we look at 2022, for example, about 60 FTEs. Do you see that? 59.6.

K. ROMANO: Yes, I do see that.

M. RUBENSTEIN: And then by 2023 at that point you hired, in terms of FTEs, I am getting about 8.4, 8 people, big jump in 2024 compared to historic; correct? Am I reading that correctly from that table?

K. ROMANO: So it's accurate in terms of what the table is reporting. However, there is some context that's needed. In 2023 there was a change in the methodology with respect to how an FTE was calculated. So, for example, our front line staff, they work 35 hours per week, therefore they were not counted as one full FTE. The balance of the organization, they work 40 hours per week. So that

methodology was trued up or changed in the year of 2023 which is why you see that increase there.

M. RUBENSTEIN: Okay.

K. ROMANO: So we did not add more staff with respect to front line teams. We did add other positions, yes, but I just want to be clear that it wasn't an increment of almost eight people.

M. RUBENSTEIN: Just to be clear, you added some staff, just not as much as this table is showing in 2023?

K. ROMANO: Correct.

M. RUBENSTEIN: But then in 2024 we have now fixed the FTE calculation and I am getting you hired 8/9 people or at least FTEs, adding more than 8 FTEs, 8.9 FTEs in 2024. Correct?

K. ROMANO: So over the period of 2020 to 2024 we did add an increment of 7 positions to the organization, you are correct. In addition to that we had budget for seasonal staff, summer students. And they are calculated into this as well. So year over year that one calculation could change from two FTEs to three FTEs. So to answer your question, yes, we did onboard additional staff, yes.

M. RUBENSTEIN: A significant amount of additional staff?

K. ROMANO: I wouldn't say significant. I would say that the majority of the roles that we onboarded over the historical period were in fact self-funded.

And by self-funded I mean that we would find the funding for those resources by terminating external contracts.

M. RUBENSTEIN: And then, back to where we are with respect to Dx NEXT, so now we are at 77 in '24, 79 in 2025, back to 77 in 2026 and then 77 in 2027. What you're saying is, well, if we didn't have Dx NEXT we would have had to add 9 new positions?

K. ROMANO: Had we not had Dx NEXT we would have had to hire 9 more FTEs, yes.

M. RUBENSTEIN: Can we go to page 110 of this compendium? Look at part (e), the company says:

> "Elexicon does not expect to reduce internal IT staffing levels with transition to cloud-based solutions." (as read)

And you explain why. Do you see that there?

L. FROST-HUNT: Yes, I see that. And it is -- even if the resource is cloud-based, it still requires quite sophisticated system to system integration, advanced network segmentation, administration of those cloud environments. So even though the, you know, application is running off-premise, it still requires a significant amount of administration.

M. RUBENSTEIN: So from before from having an on-premise solution to now moving totally off-premise solutions, no internal staffing efficiency?

L. FROST-HUNT: We aren't just moving a like for

like system. So this is a very complex ERP suite, unlike any tool that Elexicon had previously. So we have increased complexity as well as the advance administration required for the cloud solution, they are not like for like.

M. RUBENSTEIN: Can we go to 108, please? This is a table of your technology segment cost breakdown over the years; do you see that?

L. FROST-HUNT: Yes, I do.

M. RUBENSTEIN: If we see, for example, look at software license, subscription support, 2026 it's about 3.1 million and then in 2027 it jumps to 6.62 million, more than doubles in a single year; correct?

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

M. RUBENSTEIN: And if we just look at the technology segment as a whole it goes from 6.8 million in 2026 to 12.9 million. Correct?

L. FROST-HUNT: You're referring to the totals for the period?

M. RUBENSTEIN: Yes.

L. FROST-HUNT: Yeah.

M. RUBENSTEIN: And so obviously very large increases in the technology budget?

L. FROST-HUNT: Yeah, but I don't want them to be characterized as same for more. I mean this is a significantly different technology footprint that is, you know, going along with those costs.

M. RUBENSTEIN: And am I correct that in none of

these is the $42 million Dx NEXT implementation costs, those are not included in these tables?

L. FROST-HUNT: That is correct, they are in the DVA account.

M. RUBENSTEIN: All right. And as I understand, in 2027 -- included, beginning in '27, included in the software licensing subscription support is going to be ongoing costs related to Dx NEXT; right? Not just implementation cost but now the support, the licensing, all those costs that you have to pay every year. Correct?

L. FROST-HUNT: Yes. If we look at the software license subscriptions line, we could say approximately half of that will be the Dx NEXT ongoing software sustaining costs. I will caution to go much further we may want to go in camera just --

M. RUBENSTEIN: No. All I am trying to understand is those include those costs, there are costs in there for the ongoing costs of Dx NEXT. Correct?

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

M. RUBENSTEIN: Okay. And maybe we can go to page 114. I think you start saying at line 9:

> "Given the timing of phase 3 of the project (set to be completed in late 2027 and early '28), costs for legacy systems that will be replaced by Dx NEXT will continue to be required in the bridge period and for the first

two years of the rebasing period ('27 and 2028)." (as read)

Do you see that?

L. FROST-HUNT: Yes, I do.

M. RUBENSTEIN: So customers will pay in 2027 the new ongoing costs for Dx NEXT as well as ongoing costs for the systems it's replacing; do I have that right?

L. FROST-HUNT: I think it's important to understand that with the incentive rate proposal we look at OM&A at the envelope level. So in the prior forecast these systems were overlapping with the implementation time period, that is just the nature of how you -- you have to run the legacy in parallel with implementing the new. So there is an overlap in 2027. But I will, you know, defer to Mr. Vetsis that over the term, you know, the overall OM&A is still less than what was proposed by Elexicon as, you know, as part of the settlement amount.

M. RUBENSTEIN: Just to make sure I understand, just to confirm. In 2027, and I believe actually 2028 based on -- because you say the first two years. Customers will be paying for both the Dx NEXT ongoing costs as well as for legacy systems. Correct? Yes? No?

L. FROST-HUNT: Mr. Rubenstein, again, the nature of implementing the new software is you have to run the legacy in parallel, so there is overlap in

terms of the expenditures. But I will defer to Mr. Vetsis to talk to the overall OM&A envelope over the term.

M. RUBENSTEIN: All right. So is that a yes? You're explaining it. I just want to make sure it's a yes they are and you're explaining the reasons why; is that fair?

L. FROST-HUNT: Yes, they are. And we are explaining the reasons why, yes.

M. RUBENSTEIN: Okay. I just wanted to make sure it's clear.

S. VETSIS: If you recall, the application itself originally had an OM&A five-year forecast. Included in those forecasts from a bottom-up perspective was the removal of these costs over time as the existing systems were decommissioned. Now, obviously through the incentive rate setting framework we have changed to an approach now where we are going off of a 2027 base year.

But if we take a look at page 40 of the settlement proposal, this table shows the OM&A funding, it compares level of OM&A funding relative to the original application and the outcome of the settlement proposal. You can see the variance at the bottom. So initially we had five years of bottom-up forecasts. And so, as Mr. Frost-Hunt indicated, in 2027 we still need to operate both systems in parallel as we transition. Once the transition is

complete and those costs leave they were removed from our costs forecast in the subsequent years. And now, through settlement, we have switched to a framework that will actually give us less funding than the underlying cost forecast. And so customers see the removal of these costs over time.

M. RUBENSTEIN: And just -- when you are looking at the table, you are showing 4.3 million less; that's what you were talking about? Over the term.

S. VETSIS: Yes, over the term. As well as a 2.8 each year, 1.8 --

M. RUBENSTEIN: A total of 4.3?

S. VETSIS: A total of 4.3. And, you know, the bottom line as well, shown on a per year basis.

M. RUBENSTEIN: And that's 4.3 on a request of 446.7 million. So like one percent; right?

S. VETSIS: Yes. But again, what we are saying is that the -- regardless of whether or not they are included in the base year, over time the funding envelope is such that customers will see the benefit of the removal of these systems once the system is itself fully implemented and serviced, because we are now funding at levels even less than what was originally in the application, and that amount already reflected the removal of those costs.

M. RUBENSTEIN: I want to talk about control centres. And just to sort of cut a little bit to the chase here, as I understand and we talked about this

when we were talking at the beginning about the OM&A, and part of the updated information or the updated requests in 2027 versus the application was an increase to the control centre costs. Do I have that right?

S. SADEGHI: That is correct.

M. RUBENSTEIN: And if we go to page 133 of the compendium -- it is actually not a great table. Well, we see your control centre costs; correct? It is 6 million for 2027; correct?

S. SADEGHI: Yes. There is $6 million in Table 1.

M. RUBENSTEIN: And as we look at the historic, before 2026, it's obviously a significant increase. Correct?

S. SADEGHI: Sorry. Can you repeat the question?

M. RUBENSTEIN: And if we look compared to the historic period, that's a significant increase. Correct?

S. SADEGHI: It is what I would characterize as a necessary increase.

M. RUBENSTEIN: And that increase is driven primarily by a significant increase in the amount of control centre FTEs and head count that you have hired or are planning to hire; do I have that correct?

S. SADEGHI: There are a number of factors that

are associated with that increase. And hiring additional resources is one of the contributing factors.

M. RUBENSTEIN: Well, can we go to page 134?

So this shows a breakdown of the increase over the term of the control centre cost segment to be filed and updated. And as I look at it, that's almost exclusively compensation, FTE-related costs. Correct? My understanding of the evidence is you need more people.

S. SADEGHI: That is correct.

M. RUBENSTEIN: Okay. And if we can go to page -- and as I understand it and, you know, you have talked about it and there are presentations, there is a multi-year plan to increase the qualified operators. Do I have that correct?

S. SADEGHI: That is correct, and that it would be through hiring apprentices, to grow them to become operators.

M. RUBENSTEIN: Can we go to page 152? Can we scroll down? This is under the "control centre." Can we go down to line 22? The company says:

> "Over the '27 to '31 period, costs are forecast to increase in the control centre segment after 2027 due to the additional labour resources required to support anticipated load growth, and the increase in the capital work required to coordinate, and oversight from the SCC." (as

read)

That is the control centre. Correct?

S. SADEGHI: That is correct.

M. RUBENSTEIN: And as we saw earlier there was a settlement -- by way of settlement, the capital being cut by 16 percent. You're aware of that? You were here for that, obviously?

S. SADEGHI: Yeah.

M. RUBENSTEIN: And so if the control centre costs and the number of FTEs was required due to the increase in capital work requiring coordination and oversight from the SCC -- your words -- shouldn't we expect a reduction in that in light of the capital reduction, the size for that program, the amount of people? And now we obviously have 16 percent less.

S. SADEGHI: The answer to your question is, no, we do not expect any changes to the staffing plan in the system control centre in 2027, despite the fact that there will be a 16 percent reduction in our capital program. And there are a number of factors that need to be considered.

Just for context, it's really important for us to know that, right now, Elexicon is operating with only one senior qualified operator on a full-time basis compared to the operational need of 15.

As shown in the exhibit, Exhibit 10, Tab 2, Schedule 1, you will see that from the time we hire an apprentice to the time that they become productive

and they have the ability to operate independently it is a 48-month minimum journey.

Additionally, as a result of the capital settlement and the drop in the proactive asset renewal program, we do anticipate an increase in the unplanned asset failures which will then drive the demand in the control room.

Another factor to consider is that we are anticipating a higher volume of high-volume events, such as wind events and events that disrupt the grid. To put that in perspective, just between 2020 to 2025 we have had 12 high-volume events. And we expect that to continue. So that drives the demand in a control room hire.

About half of the time that the operators also spend in the control room is spent on addressing trouble calls, supporting IESO, and communicating with the control authority of other utilities to provide utility work protection code. And that demand does not go away.

So those factors have to be considered as we talk about the drop in the 16 percent -- the drop of 16 percent in the size of the capital program.

M. RUBENSTEIN: Not a single person? You know, not one less person?

S. SADEGHI: No, sir. Right now, Elexicon is at a very critical juncture with respect to its control room. It is absolutely critical for us to fill those

vacancies and grow our talent pipeline to ensure that we have sufficient staffing in our control room.

M. RUBENSTEIN: Can we go to page 156? It is interrogatory 1-SEC-26.

And here, we asked you to provide a list of productivity and efficiency initiatives undertaken by Elexicon each year from 2019. And for each, please quantify the savings broken down by capital and OM&A and provide underlying calculations. And in the response, you said:

> "Elexicon did not maintain a detailed written tracker of productivity and efficiency initiatives in the indicated period, as it was focused on delivering merger savings and responding to pressing challenges the company faced in scaling for growth and delivering improvement in operational effectiveness." (as read)

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: And so the only savings you have been able to quantify are merger savings. Correct?

S. VETSIS: That's correct.

M. RUBENSTEIN: And then if we go down to line 24, you say:

> "Around 2022, Elexicon began experiencing material changes to business conditions which intensified and required the organization to

pivot from a focus on synergies and cost reductions to a continuous improvement, in order to scale the organization to respond to growing demands from external factors." (as read)

Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: So since 2022, Elexicon has not been focused on cost reductions and productivity, but it's really about scaling the company upwards, spending more? Do I have that right?

S. VETSIS: It's about establishing -- as we talked about earlier, it's really about establishing those capabilities and putting into place the functions and scale that's necessary to deliver on the growing demand in the service territory.

M. RUBENSTEIN: Can we go to page 93? We looked at this before. This was the MAADs application.

And you will see in the table, you will see this in both of them, in line 4. We have the OM&A cost saving; do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And that's the forecast merger synergy savings from the MAADs application?

S. VETSIS: That's correct.

M. RUBENSTEIN: And in 2027, you had -- at least the MAADs application forecast $6.327 million in savings. Correct?

S. VETSIS: I believe so.

M. RUBENSTEIN: Can we go to page 163 of the compendium. This was a table that you provided that had the historical and forecast merger savings, 2019 to 2028, updated. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And what I see for 2027 is 5.082 million. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: So about 1.25 million less than forecast. Correct?

S. VETSIS: That is correct. I think from a non-labour synergies perspective Elexicon was able to achieve roughly a hundred percent of the projected savings. On a total basis, as we show in part B, Elexicon overall achieved 79 percent of the synergy savings that were forecasted at merger.

M. RUBENSTEIN: And so you did not meet the merger savings forecast in your own application. That's the only historic productivity savings we have calculated; correct?

S. VETSIS: That is correct, Mr. Rubenstein. But, as stated, Elexicon has experienced very material changes to its business conditions relative to what was considered at the time of that merger application. And, you know, particularly on the labour side, the synergies that were estimated were based off of a potential, looking at the amount of

retirements that were coming up rather than a detailed, bottom-up organizational chart of the future organization.

So I would say given the amount of change Elexicon has experienced as an entity, achieving this degree of synergy savings over that period represents a significant success, given the accelerating growth and change in the sector.

M. RUBENSTEIN: But we went back and talked earlier this morning about how the OM&A for the merger-forecast OM&A is much lower than what you are proposing, than what you are proposing in this application. Correct?

S. VETSIS: Yeah. And again, let's go back to an application that talked about $30 million to $35 million of capital each year, a relatively steady state of nothing changing from what it was. This year, we spent 77 million, or are going to, and next year we are projecting to spend $100 million in capital to try to address some of the needs in our system.

And so again, we are not comparing apples-to-apples realities.

M. RUBENSTEIN: But $30 million more for 2027 you are asking for than the merger application. You couldn't even -- and the company couldn't even get the merger save -- couldn't even deliver the merger savings. First of all, is that fair from a customer

perspective?

S. VETSIS: Again, I think it's important to take a step back at -- again, these are forecasts that were prepared in 2027. They relied on the best information available to those utilities at the time. But they were also informed by their experiences as utilities; right?

We are talking about a small, 50,000-customer utility, as well as a Veridian, which was about 100,000. And so I think when you come from that perspective, there was -- I suspect, that the entities underestimated the need for certain functions that needed to be established as they grew in scale, as well as the fact that as you grow in scale, sometimes functions become in-sourced relative to what was originally done through external providers. And So that can impact the synergy savings.

As we talked about earlier, from an overall perspective, Elexicon compares very well from a cost perspective relative to its peers. The gap between those two factors is just the material change in business conditions from a forecast that was done in 2017.

I mean, I think back, I remember being here in this room in 2019 for a consultation talking about stranded assets. And now we are having conversations about whether or not we can build the system fast

enough for the growth that's coming ahead of us, so a very, very different world today.

M. RUBENSTEIN: Can we go to page 168? In this question we had asked you:

> "Please provide a list of productivity and efficiency initiatives planned to be undertaken by Elexicon between 2027 and 2031." (as read)

And similar to the last question:

> "For each initiative, please quantify the savings broken down by capital and OM&A and provide the underlying calculations." (as read)

And your response is:

> "Outside of the Dx NEXT productivity and efficiency benefits which are detailed in the interrogatories, Elexicon has not developed a list of planned initiatives for the 2027 to 2031 rate term." (as read)

And then, as you say:

> "As noted, the proposed X factor includes a custom rate. The framework offers customers an initial rate reduction benefit of $3 million in incentives." (as read)

That's the x-factor you are referring to there?

S. VETSIS: Correct.

M. RUBENSTEIN: Just so I am correct, that only begins under the your rate framework and under the settled rate framework -- under essentially any rate framework that I am aware of -- in 2028. Correct?

S. VETSIS: That is correct.

M. RUBENSTEIN: So with respect to 2027, is all the savings that we have built in the Dx NEXT?

S. VETSIS: I think the quantified savings that we have are those from Dx NEXT, which have been built into the revenue requirement from a -- you know, we are orienting our entire business around this tool and the processes associated with it, as Mr. Frost-Hunt showed.

This tool is going to allow us to almost double our throughput as an organization with a very lean staff complement. And so, from a -- there are significant efficiencies built into the cost forecasts, as well.

And then I would note, too, since this interrogatory, of course we have come out of settlement. And now, post-settlement, we now have triple the incentive on the capital side to find additional productivity and double the incentive on the OM&A side.

And so the organization is going to be incented to find those initiatives over the period, and customers are receiving the upfront benefit of those reductions now, as a -- while the organization looks for those savings in the future.

M. RUBENSTEIN: Just to be clear. In 2027, the test year, is all the productivity that's built in that we know about quantified, it's the Dx NEXT

savings that we talked about earlier on after the break. Correct?

S. VETSIS: Dx NEXT, as well as the cumulative achievement of the synergy savings which offset, as well, the OM&A that is set in '27.

M. RUBENSTEIN: And those savings are lower than forecast at the merger application. Correct?

S. VETSIS: They are lower, but still 80 percent of what was forecast ten years ago in an environment that is completely not comparable to today.

M. RUBENSTEIN: All right. Maybe we can turn to page 177. This is an undertaking JT-4.3 that was answered by PEG on behalf of Board Staff, so not Elexicon. If we can go to page 178, the latest analysis of their benchmarking where they have included the effects of the Dx NEXT which were not in the original numbers.

Just so when I look about -- when I look at OM&A, because I think you talked a lot about the experts in benchmarking. When we look at specifically OM&A benchmarking, what I see here, and it doesn't matter which row. Let's look with the Dx NEXT implementation costs recovered over ten years like you are proposing. What I see is you are minus 23.1 percent in 2025, minus 15.6 percent in 2026, then it jumps up to 11.7 in 2027. Do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: So you'd agree with me that is a

significant deterioration of OM&A cost performance based, at least, on PEG's numbers. Correct?

S. VETSIS: Mr. Rubenstein, if we could scroll up in your compendium just a little bit?

M. RUBENSTEIN: Sure.

S. VETSIS: You'll see in line 29 and 2030 that despite the updates for the various factors that it did not impact the ultimate conclusion in PEG's report, that ultimately Elexicon remained a good cost performer and warranted a stretch factor of 0.15 percent.

I would note as well -- if we could go to Staff 17. And so I would caution with using a disaggregated OM&A model. Here in this interrogatory Clearspring was asked about the use of disaggregated capital and OM&A models. And you can see from (a) that, you know, Clearspring, you know, raises some very valid challenges regarding OM&A cost models. In particular, I would take you to line 1 on page 2 which says:

> "Accounting differences, and capitalization policies and substitution decisions between OM&A and capital will often distort these aggregated models." (as read)

And so these issues, from a benchmarking perspective, get mitigated when looking at a total cost approach. And, as we saw earlier, despite all the cost you mentioned, the conclusion from the PEG

report and Clearspring was that Elexicon is a good cost performer that warrants a stretch factor of 0.15.

And if we could just move to the next interrogatory as well, I believe Staff 18. My apologies. I am going to get the right number. This is not the one I wanted.

M. RUBENSTEIN: That's fine.

S. VETSIS: Staff 15 I meant to say. And, again, in this interrogatory PEG had initially asked Clearspring about a negative productivity trend related to Elexicon, and it talked about that in the context of capital. But I do think the response here is instructive for OM&A as well. And I think the first sentence in particular is that of the need to take a long-term view when looking at productivity. You know, and so in this response we talk about an example, GTA East specifically. A large transformer station that Elexicon is building in advance of when the load materializes. So a cost that occurs before the associated output. And, all other things equal, those can impact productivity in the near term, but when considered over a longer term it does not impact the productivity of the business.

And so it's the same -- this response, this concept applies as well to OM&A. And we talked about, earlier today, how from an OM&A perspective Elexicon needs to make certain foundational

investments in terms of the capabilities, its staffing levels, governance, various tools to ensure that it can deliver on the program. And those as well, they proceed the level of investment.

And so, again, I would caution using the OM&A value for those reasons. The notion of the declining productivity, I think in the case of Elexicon it's really important to consider that context. And that context of a fast growing utility that has to make these investments, this is a natural -- this is a natural consequence in the near term. But on an overall basis the conclusion remains the same from both of the consultants in this application. Elexicon is a good cost performer who benchmarks below the cost, below benchmark costs.

M. RUBENSTEIN: Can we go back to page 178? 178, please. Just back when I looked at the Dx NEXT implementation. We are not talking about a small change in OM&A; right? It goes from negative 15.6 in 2026 to 11.7 in 2027. So a 25 percent -- 26 percent swing, mathematically?

S. VETSIS: Yes. But, again, you have to keep in mind the context and this is a great example of the distortions that were mentioned in the Clearspring decision, because now Elexicon, as an entity, we are implementing this tool, which is a cloud-based tool. Which means it's an entirely OM&A expense. And what in the past may have been capital

is now being -- is now OM&A.

And so when you are doing these benchmarks you are benchmarking against other utilities, and so other utilities may be at different points in that journey. And so if you look at OM&A we might look worse in this comparison because we have gone to a cloud solution now. But from an overall cost perspective, right, when you look at it across capital and OM&A our costs benchmark very, very, very well.

M. RUBENSTEIN: Well, let's look at the third column, this is on total benchmarks. And you would agree that while it's negative it is trending higher. And even between '26 and '27 more than -- there is about an 11 percent swing on a total cost basis; correct? Yes? Sorry, is that not what the screen is showing?

S. VETSIS: You are correct. I am finding a contextually -- my God, what's the word -- reference to just provide some context in my response.

M. RUBENSTEIN: That's fine.

S. VETSIS: Could we go to Attachment 1 -- Appendix A of Exhibit 1, Tab 5, Schedule 1, and I am looking specifically for page 19 of the Clearspring report. And I am not seeing a lot of monocles in the room, so could we zoom into the footnote at the bottom of the page?

And so here -- again, Mr. Rubenstein, yes, I

acknowledge there is a decline in the benchmarking performance. And we spoke earlier about, you know, the response to Staff 15 and the fact that for Elexicon, especially given the really high pace of growth, how important it is to consider the context in the longer-term view from a productivity perspective. And what this footnote shows is, you know, we used the example earlier of the GTA-east station, when you remove that one station alone from the investments, which is a station we are building in a Greenfield area to allow future communities to grow to meet the demands of our municipal targets, you see a shift in the benchmarking score of 4 and a half percent from one investment. But that's an example of an investment that gets made in advance of the outputs, which is a prudent investment and is the right investment for the long term for the communities that we serve, but which may, in the near term, reduce productivity.

And so, again, on an overall basis we step -- despite all these factors and all these pressure Elexicon is facing, we still benchmark well. And I think, in our context, these results make sense because we are growing at such an exponential pace. And we need to make those investments in advance of when the outputs arrive.

M. RUBENSTEIN: And that example would affect the total cost benchmarking component, but on an OM&A

specific it would not. Correct? Because that's a capital cost you're talking about there with the GTA --

S. VETSIS: That's right. But, in the OM&A perspective, the Dx NEXT would be a similar corollary in that we are installing a foundational tool that we are orienting the organization around to deliver for on in the future. And so that's why, again, you know, we want to get away from those OM&A -- these segregated amounts, because they are more prone to these distortions depending on accounting treatments and the nature of investments being made. At a total cost level that impact is minimized and the outcome is as we've said.

M. RUBENSTEIN: So can we go back to 178 quickly? So you are talking about the Dx NEXT. If we looked at the fourth column, so the first under OM&A, this excludes the Dx NEXT implementation costs so not even including the cost there. So you see a swing in 2026 from 15.6 to 4.8 in 2024. Do you see that? A swing of about 20 points; correct?

S. VETSIS: I do, although I would note that that column would include the sustainment portion of Dx NEXT.

M. RUBENSTEIN: And you would agree with me, just based the timing of this, this was done before the settlement. It doesn't include the additional costs in 2027 that you're proposing. Correct?

S. VETSIS: Correct. But I would only expect that to impact '27. In the other years those costs for the maintenance were already included in the forecasts, and so they would have already been factored in the result.

M. RUBENSTEIN: So the 20 point jump between '26 and '27 is likely to be higher?

S. VETSIS: But the endpoint the same.

M. RUBENSTEIN: All right. Thank you very much, panel. Those are my questions.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Rubenstein, thank you. We are on to Mr. Gluck for CCC.

L. GLUCK: Good morning.

CROSS-EXAMINATION BY L. GLUCK

L. GLUCK: Good morning, panel. My name is Lawrie Gluck. I have a few questions on behalf of the Consumers Council of Canada. I would like to discuss with you the control centre first. And Mr. Rubenstein did have some questions about this, but I have a few other questions that I would like to ask.

So if we could start by -- I circulated a compendium last week, I was hoping we can mark it as an exhibit.

T. HOBBINS: That will be marked as Exhibit K-1.2.

EXHIBIT K-1.2: Consumers Council of Canada Compendium

L. GLUCK: Thank you. If we could start by going to page 2 of the compendium, please? And so here we see that as part of the evidence update filed in advance of the interrogatory phase in Exhibit 10, the company updated its evidence to include an incremental $3.3 million of control centre related operational costs in the 2027 OM&A budget. Is that correct?

S. SADEGHI: That is correct. That's in reference to Table 1.

L. GLUCK: Thank you. And the total change over the '27 to 2031 period is an increase from about $15 million in the pre-filed evidence, which was filed in December 2025, to 29.7 million in the evidence update that was filed in April of 2026. Is that also correct?

S. SADEGHI: That is correct.

L. GLUCK: Thank you. And if we could go to page 16 of the compendium, please. Thank you. And the company undertook an options analysis with respect to the control centre in February of 2026. Is that correct?

S. SADEGHI: That is correct.

L. GLUCK: And this document we are looking at is that options analysis?

S. SADEGHI: Yes, sir.

L. GLUCK: Thank you. If we go to page 22 of the compendium, please. Essentially here, this is

the list of options that were considered by the company and the company landed on option C, which at the time that the options analysis was undertaken reflected a total OM&A cost of 21.8 million. Is that correct?

S. SADEGHI: That is correct. It's 21.78 million as shown in the exhibit.

L. GLUCK: Thank you. And as we just discussed, the total cost of the control centre that formed part of the application update in Exhibit 10 was 29.7 million. Is that right?

S. SADEGHI: That is correct.

L. GLUCK: And if we go to page 25 of the compendium, please. You'll see here, in this undertaking response, the company explained the difference between the 21.8 million in the options analysis and the 29.7 million that is reflected in the application for the rate making purposes. Is that correct? That is what this undertaking shows?

S. SADEGHI: That is correct.

L. GLUCK: Thank you. My understanding and summary of this response is that the 21.8 million was a preliminary high level figure prepared by operations to support initial decision making prior to finance review. Is that right?

S. SADEGHI: That is correct.

L. GLUCK: So the executive team approved a five-year staffing plan and the related costs for the

control centre before finance had reviewed how much the option would cost. Is that correct?

S. SADEGHI: Yes. The executive team did approve the $22 million estimate based on the understanding that this is a preliminary estimate. And it was also done in comparison with the other options that were also based on the same preliminary estimate, as well.

L. GLUCK: Okay, thank you.

And if we go to the bottom of this page, there is a bulleted list here. And the company describes the largest part of the $8 million increase. And when I am talking about the $8 million increase, I am really talking about the 21.8 to the 29.7. And the largest piece of that, with an impact of about $4.6 million, is the inclusion of labour burden to the various options. Is that correct?

S. SADEGHI: That is correct.

L. GLUCK: And am I correct that the labour burden is applied to all labour across the company? Is that also correct?

D. COBAN: Mr. Gluck, I think that question might be better for panel 2. The finance witness on panel 2 can speak to all of those burdens.

L. GLUCK: Okay.

If we could go to the top of this page, just a little bit higher? Thank you. I am just going to read the response. The response says that:

"Throughout this process, the underlying staffing plan and implementation approach under option C remained unchanged, including paced hiring to achieve a total complement of 15 qualified operators by 2031 and a reduction in contractor resources to one contractor position by 2031. Elexicon's executive leadership team approved option C, with the understanding that the preliminary costs would be refined as assumptions were validated and costing was further developed. The ELT was kept informed of material updates throughout the process." (as read)

And that is basically what you just described. Is that fair?

S. SADEGHI: That is fair.

L. GLUCK: And was the option comparison ever rerun on the finance-validated cost and put back to the executive for a decision?

S. SADEGHI: After option C was updated based on the finance-validated numbers, the updated numbers for option C were shared with the executive team.

L. GLUCK: And were the updated numbers for other options ever developed?

S. SADEGHI: No, they were not, because the focus was around option C, and also the comparison of option C in relation to the other options.

L. GLUCK: Okay. So if we look at the bulleted

list, please?

My take on the bulleted list is that three of the four finance-validated corrections that happened would have increased the cost of internal staff. So the salary rates in this list, the labour burden, and the $30,000 compensation adjustment all would have increased the cost of options that relied heavily on internal labour. Is that fair?

S. SADEGHI: That is correct, that those updates would have had a proportional impact on the other options as well.

L. GLUCK: Sure. And the one correction that went the other way lowered the cost of contractors. So I think that one is on the bottom of the bullet list. If we go a little bit lower, there is one that says "partially offset by lower contractor rates."

So that one would have reduced the cost of external labour. Is that correct?

S. SADEGHI: That is correct.

L. GLUCK: Thank you.

So would it be fair to say that -- if we could actually go back to the -- let's go back to the option list, which is page 22 of the compendium, please.

And you can see here that each of the options has a different, you know, sort of level of the number of internal staff versus contractor staff in them. Is that fair? The options have different

balances of that?

S. SADEGHI: That is correct, that each of these options would have had reliance on contract operators.

The one thing I would like to point out is that it's important to remember the context that the contract operators, these are individuals that have retired and they are on their retirement phase of their career. And they could be available with -- or unavailable with a short notice. And they're availability also varies depending on the day of the week and the season of the year.

L. GLUCK: Thank you.

Is it also fair to say that if you reran all of the options, the numbers for each of the options would have been quite different?

S. SADEGHI: I don't want to speculate on what the outcome would have been because we have not done that analysis. But that being said, the important thing to note is that the cost difference would have been proportional between options A, B, C and D, as the overhead adder for instance would have added to the other options.

L. GLUCK: But those options have different levels of contractors in them; is that also true?

S. SADEGHI: They do. But then for the internal resources, that overhead adder would have been proportional.

L. GLUCK: Okay.

Can we go to page 13 of the compendium, please? I am just across the record, having a bit of trouble following the number of control centre internal FTEs that the company plans to have by 2027.

So there appear to be different figures in Table 6 that we are looking at relative to what's shown in 4-Staff-103. And we can go there if you want. But what I am really asking is does Table 6 reflect the planned internal staffing for the control centre, as it stands today?

S. SADEGHI: Table 6 shows the FTE positions. Maybe a better table to make reference to, so that we could speak about the current staffing level at the SEC versus the plan, would be Table 4 of CCC-71. And I can speak to the significant progress that Elexicon has been able to make successfully with respect to filling those vacancies.

So at this point we have nine operator apprentice positions filled. We are currently recruiting for another four positions. We have one of the two senior qualified operator positions filled. We have filled two of the three supervisor positions for 2026, the one trainer position, the one training coordinator position, the one policy and procedure coordinator contractor position, the two analysts' positions, the two student positions. And we actually have seven contract-qualified operators

on roster.

All the positions that are vacant are currently actively being recruited. And we plan on making good progress by the end of the year.

L. GLUCK: So the question I was going to ask after, and you did just describe it, but it would be helpful to have that in a table. If you could undertake to provide what you just said, in a table? You are comparing the FTEs basically, the vacancies, versus openings for the operation of the control centre.

S. SADEGHI: We will undertake to provide the positions for 2026 for Table 4 that are currently filled, as well as the ones that are being recruited actively as we speak. Maybe we will use the date of November 9th, so that it speaks to today's date.

L. GLUCK: That works for me.

S. SADEGHI: Okay.

T. HOBBINS: That will be undertaking J-1.1.

UNDERTAKING J-1.1: Elexicon to undertake to provide the positions for 2026 for Table 4 that are currently filled, as well as those that are being recruited actively as of November 9, 2026

L. GLUCK: Next, I would like to discuss the Dx NEXT project. And if we could go to JT3.4? So that's page 33 of the compendium, please. And maybe it's the next page. Sorry, just one second. Page 32. Thank you.

So this table provides a summary of the original and updated business case for the Dx NEXT project. Is that correct?

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

L. GLUCK: And just looking at the updated cost, the ten-year program costs are 62.7 million, and the cumulative ten-year benefits are 95.7 million, with a net benefit of 33 million. Is that correct?

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

L. GLUCK: Okay. And if we could go to page 39 of the compendium, please? Maybe it's a page down.

And you were discussing this with Mr. Rubenstein this morning. This table sets out the OM&A cost savings associated with the Dx NEXT project over the '27 to '31 period, with a total of 18.9 million of forecast benefits accruing to customers? Is that right?

L. FROST-HUNT: Yes. That 18.9 is over the five-year rate term versus the 10-year NPV, yes.

L. GLUCK: Okay, right. So the difference between this table and the table we were just looking at is this is a five-year view and the other table is a ten-year view.

L. FROST-HUNT: Yes, that's correct.

L. GLUCK: Okay. Thank you.

Can we go to page 66 of the compendium, please? And in terms of the annual breakdown of these savings, what I have done in this table is

essentially pulled forward from all the Excel sheets the -- to sum up the annual impacts, because that was provided sheet by sheet in the Excel attachment to 4-CCC-51.

And, you know, you don't need -- my question is are these numbers accurate?

L. FROST-HUNT: Subject to check, they look correct.

L. GLUCK: Thank you.

And the 2027 savings that you discussed with Mr. Rubenstein earlier are $1.76 million. And that's the amount that offsets the proposed 2027 OM&A budget in the current application? Is that correct?

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

L. GLUCK: Thank you.

And in the context of the settled rate framework, none of the later-year savings are reflected in the amounts that underpin rates. Is that also correct?

S. VETSIS: It's not Mr. Rubenstein. And as we talked about earlier, you know -- sorry, force of habit. You guys need to sit further away from one another.

But again, I think when we take a look at the overall -- so the original application had a five-year OM&A forecast which reflected all these reductions as a net value. Under the new rate framework, we are underfunding those forecasts from

2028 onwards. So customers are seeing the benefits of these reductions and more, through the alteration of the framework. And again, we spoke about that; it was illustrated in that table that we looked at earlier.

L. GLUCK: But in the 2027 OM&A budget, which is sort of the underpinning of the rate framework -- so it's 2027 inflation, whatever other terms are in the rate framework -- it's really only the 1.76 million. Is that not right?

S. VETSIS: Again, what's reflected in 2027 is the 1.7 million. On this record, we have the benefit of five years of bottom-up OM&A forecasts. So, through the transition of the rate framework, we see that we are funding less than those forecasts which already reflected these savings in each year.

L. GLUCK: Okay, thank you.

Can we go to page 68 of the compendium, please? So I understand that at the end of 2024, the company put together a business case for the Dx NEXT project. And that's what this report is on the screen. Is that right?

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

L. GLUCK: Thank you.

And if we could go to page 73 of the compendium, please? And at the top of this page, it says that:

> "In 2019, the merged entity inherited legacy systems across various platforms that are no

longer supported, and technology that has reached the end of its life posing cybersecurity risk to the organization." (as read)

Do you see that?

L. FROST-HUNT: Yes. And I will just take the opportunity to note that it was the customer systems running on Windows 2008 and Windows 2012, and this report was in 2024. So that is an extreme cyber risk, end-of-life system.

L. GLUCK: Thank you.

So the legacy systems that Dx NEXT is intended to replace were, as you have just said, were major cybersecurity risks since at least the time that Elexicon was formed. Is that right?

L. FROST-HUNT: Windows 2008 would have ended mainstream maintenance in 2018, if that's helpful.

L. GLUCK: That's helpful.

So if we go to page 105 of the compendium, please, and just towards the bottom of the page, please.

And here it says that:

"In 2021, the company consolidated the two legacy CIS systems and, in 2022, the company spent a little over half a million dollars on external consultants for, among other things, technical support for NorthStar CIS, and servers and process enhancements to address

end-of-life systems upon CIS consolidation."
(as read)

So by 2022, you were paying consultants to keep an end-of-life business system running. Is that correct?

L. FROST-HUNT: The focus of the work during the merger was to consolidate the legacy CIS systems; both predecessor utilities had this Harris NorthStar product. So the emphasis here was on making that product work for the merged entity. At no point was there consideration as part of this process for the underlying operating systems. So it was to make the merged entity work on that new platform, on that legacy platform.

L. GLUCK: Right. And so you were spending dollars to keep this system running that was at end of life and already unsupported as far back as -- you know, this evidence is to 2022. But you said to me before that you knew at the time of merger that these systems were major cybersecurity risks and unsupported, I think you said, since 2018.

K. ROMANO: It was part of the projected synergy savings for the CISes to be merged. So the consideration at the time was not to go external to a new CIS; it was more to the benefit that both entities were using the same NorthStar CIS billing system.

So the plan at the point of merger was to merge

those two system, integrate them, and then gain the efficiencies or the synergies by this now one entity, Elexicon, benefitting from the merge of two systems into one.

L. GLUCK: Okay. And if we can go to page 51 of the compendium, please? Actually, if you go back two pages to page 49, please. And I just want to make sure I understand what this presentation is. It's called the Dx NEXT board presentation and it is described as a few other things in the evidence, but is this a presentation to Elexicon's board about Dx NEXT?

L. FROST-HUNT: A little bit of context on this presentation: I joined the company in January of 2023 and I did a three-month internal assessment. Out of that assessment I did identify a number of out of date and unsupported systems, so this is around March/April of 2023. We had a strategic off site with our board at that time where I shared those preliminary findings, and I did ask for permission to bring in an external provider to do a deeper dive and an analysis. So IBM was brought in in 2023, where we validated some of those preliminary findings and we came up with a list of requirements that Elexicon would need to address if it was going to modernize its systems, address the cyber security risks, and enable the expanding work program.

So what you're seeing here, Mr. Gluck, is you're

seeing the readout to the board at the end of that year, where we have a problem statement and we have a proposed path forward. And we had conceptualized this idea of Dx NEXT at that time in 2023 as this multiphased, multistep way to address the issues that we found in the first half of that year. If that's helpful context.

L. GLUCK: It is, thank you. And if we could go to page 51 of the compendium, please. So of the risks that you were just mentioning, on the left-hand side of the screen it shows that you presented a number of risks being associated with the customer systems being at end of life, including risks associated with privacy and cybersecurity, very dissatisfied customers and inability to meet service levels. Is that correct?

L. FROST-HUNT: The first risk there is primarily tied to the customer metering and billing platform running on Windows 2008 and these are the implications, or the areas of impact, should we have a cyber breach on such outdated technology.

L. GLUCK: Thank you. And if we could go to page 111 of the compendium, please. And at the technical conference I asked a few questions about Elexicon's e-billing enrolments and why the percentage of customers on e-billing was so much below other LDCs, and in response the company stated that it is aware that our historical and current e-

billing enrolments lack relative to our LDC peers. And that the current customer friction or dissatisfaction with the e-billing platform is not unknown. And the portal and the e-billing solution was closely tied -- the problems with the e-billing solution is closely tied to its previous CIS billing system, which was deemed to be at end of life and outdated and unsupported. Is that a fair summary of what this exchange shows that we had at the technical conference?

K. ROMANO: Yes, it is.

L. GLUCK: Thank you. And so you were saying to me a few moments ago that this was part of -- the plan was we were going to run our CIS system, merge it, after the amalgamation you were going to merge your CIS system, and run it and, essentially, that is where you were going to get your savings your merger savings from. Is that a fair summary of what I heard a few minutes ago?

K. ROMANO: The two elements of the synergies that were projected with the CIS was the benefit of having two independent systems and therefore two separate maintenance contracts. And when the systems were merged it was the view at the time that there would therefore only be one maintenance contract and it would be less, that turned out to be false, unfortunately. The other synergy was that Veridian, at the time, was getting a better billing rate with

our third-party provider based on volume. And once the systems were integrated that that volume benefit would be shared with the now consolidated Whitby. Those with the two aspects of what the forecasted synergy was around the CIS.

L. GLUCK: Okay. And so my understanding is that the legacy systems were unsupported since the company was formed in 2019. In 2022 Elexicon was paying consultants to keep the end of life CIS running. And in 2023 the company in the Microsoft readout that you just brought me to described the CIS as end of life, and through all of that the company knew that it was providing poor service to its customers through its customer systems. Is that a fair statement?

K. ROMANO: Yes, that's accurate. There was an awareness in 2022 that the billing platform, as we referred to in the technical conference, was not meeting customers expectation. Elexicon did not sit around and do nothing with respect to that feedback or level of dissatisfaction from customers. We did work with the CIS provider at the time, which was NorthStar, on looking to -- now that the two entities were merged into one billing system is how best do we now update and bring up to a more current version of the portal for customers. At that --

L. GLUCK: So --

K. ROMANO: Sorry.

L. GLUCK: Go ahead. Sorry, I did not mean to cut you off.

K. ROMANO: Thank you. Okay. At that time the NorthStar vendor that we were working with had contracted with another third-party called Silver Blaze, and they were no longer supporting what they called Customer Connect, which was the Harris CIS portal that we were on. Elexicon did work with both Harris, as well as Silver Blaze, to pursue the opportunity to upgrade our portal, and therefore our e-billing offering, getting right to the point of having a statement of work in 2023. And unfortunately the relationship between Silver Blaze and NorthStar didn't prove to be successful. The platform that we were looking to upgrade to did not offer our customers any improved experience over what their irritants were with the customer connect that we were on. It was at that time in 2023 that we decided it was not a prudent investment for our customers to, one, upgrade to an additional portal with no benefit. But it was also the cost that was associated with that.

So that was the story or the history, rather, around the portal. That it is tied to our CIS system, it was tied to the fact that it was end of life in terms of our billing system, meaning it was still operational, we were still getting support, but we were getting to the point where we had to make a

decision to upgrade and that's where we were with the portal.

L. GLUCK: So my understanding of what you just said is in 2023 you did try to replace the legacy customer systems but were unable to?

K. ROMANO: We attempted to increase our customer portal in 2023 -- sorry, 2022 into 2023 and were not in a position to do so, no.

L. GLUCK: Okay. And is -- was there any consideration of doing it on a more accelerated timeline as opposed to what the company has come up with here, which appears to be implementation starting in 2026 into 2028?

L. FROST-HUNT: Mr. Gluck, I think you'll appreciate that, you know, an energy data management platform, a customer portal, a finance solution, none of these are quick or easy solutions. So early in 2023 we identified the issues, we developed a whole, a wholesome enterprise-wide solution that included energy data management components that we used to calculate the bills, as well as all the customer interaction systems and the e-billing platforms. So they became part of the Dx NEXT enterprise solution and we moved forward at pace once we had that strategy in hand.

L. GLUCK: Okay, thank you. And if we could go back to page --

K. ROMANO: Sorry, Mr. Gluck, I would also just

like to add that the course that we were on, which was the course to upgrade our portal system, that went into the latter stage of 2023. And it was at that point where we were already on a path where we knew we would be going to market in 2024 for a new CIS system that would incorporate and include that new portal experience. So having pursued the path to update our customer connect with NorthStar, as well as to entertain the option for Silver Blaze, it did not seem prudent at that time to continue to look for alternate vendors in 2024, knowing that we would be in an active RFP for a similar product.

L. GLUCK: Okay, thank you. And my last question on this topic, if we go back to page 66 of the compendium, please. If you were to have managed to implement the updates earlier than the Dx NEXT timeline, the savings in this table would have been pulled forward. Is that correct? The savings you see in '28, '29, 2030 if you had implemented a year or two years earlier, savings of that magnitude would be in the 2027 OM&A budget. Is that correct?

L. FROST-HUNT: Mr. Gluck, the Dx NEXT solution was very comprehensive, so it addressed the back-end energy data management. This is actually how we get meter reads and we calculate bills, so that is quite a sophisticated component as well as a customer information system that houses the customer, and their account balances, and payment history, and it

also included a financial system. It also included in the financial system, the accounts receivable, right, for the customer payments. It also included a very comprehensive customer portal with a whole new e-billing, e-experience self service.

So, you know, I think when Ms. Romano I think earlier talked about just the customer portal experience but what you're actually seeing here is the broader set of capabilities of that integrated Dx NEXT solution. And then these are the broader set of benefits that come with that integrated platform as well. Many, many components come together to bring those efficiencies.

L. GLUCK: Okay, thank you. If we could go to page 119 of the compendium, please. Actually I think it's 117. And you discussed this also with Mr. Rubenstein a bit earlier, but I do have a few additional questions.

So with respect to the internal labour costs in Table 1 here, you'll see that -- and this is the labour costs for the technology budget -- you will see they increase from about 1.8 million to 2.4 million between 2025 and 2027. Is that correct?

L. FROST-HUNT: As part of the technology workforce plan there are an additional four FTEs documented which are driving that cost. That's Exhibit 4, Tab 2, Schedule 1.

L. GLUCK: Thank you. And if we look at the

third-party contractor line, that budget increases from 1 million to 1 and a half million between 2025 and 2027. Is that right?

L. FROST-HUNT: That is correct, yes.

L. GLUCK: And so basically we are seeing an increase to both internal staffing and external contracting support related to the technology program. Is that right?

L. FROST-HUNT: Mr. Gluck, further down in this exhibit you will see a couple tables that show the cybersecurity labour and the cybersecurity third-party contract staying relatively flat.

The reason why it can stay flat is because we are pivoting away from having internal FTEs to OM&A that helps us address emerging threats. So the only way the model works is if we have the OM&A here to implement mandated, you know, controls from the OEB, there has been six that have been mandated in this past year alone, as well as respond to emerging threats. So this is this dynamic where we don't have the internal bench of experts, but we do have the OM&A set aside to address those emerging threats and emerging compliance requirements.

L. GLUCK: Okay.

L. FROST-HUNT: So that is what's represented in that number.

L. GLUCK: Thank you. And if we could go to page 125 of the compendium, please. At the technical

conference you had a discussion with OEB Staff and the company said that the contractor costs forecasts are based on an internal estimate, not specific quotes, and that while you can anticipate the potential categories of the needs for contractors, you cannot specifically identify the actual needs for those contractors in those categories; is that a fair summary of this exchange from the technical conference?

L. FROST-HUNT: It is. This is only one portion of the exchange. I think you'll appreciate that, you know, the OEB is mandating new controls on a periodic basis. So this is the difficulty with, you know, planning for what you know and planning for what you don't know. If the OEB was able to provide to us the specific controls that it's going to implement over the next five-year period I could give you an exact answer, Mr. Gluck, as to what it would cost to implement those specific controls.

If we could estimate what the cyber threat will be specifically in the coming years, I would gladly document those specific offsetting controls and investments to those threats. But we are in an environment right now where it's an evolving control framework and it's an evolving threat landscape. So we, just in the last 12 months, we have had to implement third-party supplier cyber risk management. Obviously this's not an internal skill we have, this

is where we need external support. We have also had to implement personnel screening for access to critical infrastructure. Again, that's not a capability that we have had internally, we have had to provision and stand up service providers administration costs for that. There is six of these controls we have had to do in the last 12 months alone, and imagine there is going to be more controls coming in the future.

We also had a really interesting cyber event just happen in October, I don't know if anyone was trying to renew their passport or access Government Canada services. We had an advanced AI cyber threat that we got through our Canadian Cyber Threat Exchange as well as the IESO Lighthouse program, that there was a threat in the way that websites interact with back-end databases, right? It was the PHP2Shell threat.

So we essentially had to drop every single thing that we were doing to pivot towards this threat. So we had to call in external service providers. The Government of Canada actually had to take its core services offline for multiple days while it addressed this brand-new, AI-driven vulnerability.

So what you're seeing in this OM&A here is an internal estimate on the dollars that we are going to need to maintain compliance and secure our operation. They are, you know, difficult to predict and often

not cheap, quick or easy to respond to. Thank you for allowing me to share my --

L. GLUCK: Okay. Very passionate, I see that.

L. FROST-HUNT: -- you know, concerns in that area.

I do note that rather than growing the cyber FTE bench with a lot of internal resources, you know, we have two internal cyber resources and this OM&A. And that is a very intentional model because we don't know where we need to pivot on, you know, we are going to increase our foundational investments to make sure we are getting the basics right, and that we have good security hygiene. And we are also going to respond to emerging threats. And they are emerging quicker and faster and harder to deal with that in the past. So that is a very intentional balancing act.

L. GLUCK: Thank you. The last --

K. ROMANO: Sorry, Mr. Gluck, can I just jump in one more time? I do apologize.

L. GLUCK: Sure.

K. ROMANO: I do note that earlier you were making a reference to, in 2021 to 2022, that we paid external vendors to help us with our CIS that we note as end of life and out of date. I will say that that was in my area specifically.

And I will also suggest that in there -- and I believe that we provided it as part of the evidence -

- that we did a credit optimization. But we also brought in a third-party vendor to help us assess our CIS-integrated system at that time, and do an analysis to see whether or not there were opportunities for us to streamline or automate any of those processes, because we did acknowledge that much of what we were doing was manual, including our batch billing process.

So I don't want to give the impression that we accepted the fact that we integrated the system, that we didn't investigate or pursue other options or avenues for us to drive internal optimization and efficiency; it just wasn't the case.

Targeting that credit assessment specifically, had we been successful and been able to move forward with some of the automation within our previous system, that's much of where the savings are forecasted with Dx NEXT in 2027.

So I just wanted to close that off to say that as much as we went down the path to look at that portal option, that we did so within the broader CIS system, and looked for those streamline and automation areas as well.

L. GLUCK: Thank you. And what you just discussed was the same effort; you were looking to resolve this issue. You knew there was an issue, you were trying to resolve it, but you were unable to resolve it at that time?

K. ROMANO: When I say that there was an issue, that we acknowledge the fact that much of our business processes were manual.

L. GLUCK: Um-hmm.

K. ROMANO: We were manually batching bills twice a day.

L. GLUCK: Right.

K. ROMANO: And we acknowledged that that wasn't something that was sustainable given the size of Elexicon and the potential growth. So yes, we did investigate other options. But we were not in a position to pursue them, given our current CIS.

L. GLUCK: Right. And if you were successful in resolving them, the type of savings that we have talked about with respect to Dx NEXT would have accrued earlier?

K. ROMANO: I don't have that level of assessment to confirm or deny that. At the time, we were looking at what's the probability of us being able to move forward with those automation elements. And we were not in a position to do so at that time.

L. GLUCK: Right. But it is the -- and I am really just talking about the type of savings. If you were able to not do all of this work manually, you would have avoided staffing requirements. That's the link; right? If you did this in an automated fashion, you would have needed less billing staff, that sort of thing?

K. ROMANO: So much of what we have done historically through the case itself is that we have automated, optimized, we have introduced technology. We have done and searched and investigated many areas throughout the customer operation to see where we could introduce that automation, yes.

If you look back at our hiring, we have hired one customer experience representative since 2020. So I would say that although the assessment would lead to an outcome, that there was potential for automation, that we were not in a position to upgrade our technology at that time.

L. GLUCK: Okay, thank you. I may come back to that, but for now, let's move to my last area on bad debt. If we could go to compendium page 146, please?

Can you confirm that the 2027 bad debt forecast of 1.65 million is the average of 2019 to 2023 actual bad debt escalated at 2 percent a year, plus 100,000 for merchandising. Is that right?

I think it's -- sorry, it says it a little bit below, on that page. The table shows the numbers and, a little bit below on the page, it shows how you calculated it.

K. ROMANO: I would acknowledge it does say that, but this is a financial methodology.

L. GLUCK: Okay. And I just -- my basic premise is we talked about this a bit at the technical conference. And at that time, we were sort of

talking about how 2020 was an outlier year because of COVID. And 2024 and 2025 were also outlier years due to -- I think it was two large customers going bankrupt, I think was the reason. Is that right?

K. ROMANO: Sorry, I had the wrong table up.

L. GLUCK: Okay. Maybe if we go to page 149 of the compendium, please. Let's try 153. Thank you.

So this is the undertaking. And in here, it describes that 2020 had COVID-19m and 2025 had the Canada Post strike which made them outlier years. But I understand that there was also -- this response doesn't say it, but there were credit problems with two large customers in the 2024/2025 period?

K. ROMANO: Yes, that's correct.

L. GLUCK: Thank you.

And my question is really, did 2021 also have implications from COVID? And I think the table with the dollars is right below this, if we go down.

Was 2021 bad debt impacted by the COVID pandemic, as well?

K. ROMANO: So with respect to 2021, Mr. Gluck, I would have to refer to finance. I believe that there was some bad-debt financial treatment in that year, so I would have to defer to panel 2.

L. GLUCK: Okay. If you could just give my one second. What time did you want to take lunch?

PRESIDING COMMISSIONER SIDLOFSKY: Well, Mr. Gluck, we have got you down for 45 minutes. You are

over that now. We are not going to stop you, but what would be a good time for a break for you, and how much longer do you think you have?

L. GLUCK: I may have one last question, if you could just give me a moment to find the reference.

PRESIDING COMMISSIONER SIDLOFSKY: Sure.

L. GLUCK: Okay, thank you. Sorry about that.

If we could go to page 66 of the SEC compendium, please? If we just go down to the FTE by division?

And just responding to a comment that I thought I just heard about only one customer care employee being hired since 2020, and I thought you went through this with Mr. Rubenstein this morning that, I mean, these numbers -- I don't have the exact numbers in front of me but, between 2020 and let's say 2026, it looks like 17 FTEs?

K. ROMANO: Sorry, you are correct that I misspoke. I was referring to frontline staff. I was referring to -- I believe I said customer experience representatives. And the one that we are looking at in 2027 will be the first that we have onboarded since 2020.

You are correct, we have onboarded seven additional positions in customer experience, but not directly frontline staff.

L. GLUCK: And when you were talking about the efficiencies that you were looking for with respect to -- you know, you were looking into getting rid of

some of the manual processes and things like that for your billing system.

What role is that at Elexicon? Who does that work?

K. ROMANO: That would be specific to the billing function as well as the credit function, the credit and collection segments.

L. GLUCK: And that would be in finance.

K. ROMANO: No. That sits within customer experience.

L. GLUCK: In customer experience. Okay. Thank you. Those are my questions.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Gluck, thank you.

Mr. Li, are you still online? Mr. Li, for BOMA?

C. LI: Yes, I am. Sorry about that.

PRESIDING COMMISSIONER SIDLOFSKY: No, no that's okay. We had you scheduled for both before and after lunch. But what the panel is going to do is break for lunch. We are going to take three-quarters of an hour and come back at 2:00. And, Mr. Li, you will get your whole half hour then, if that's okay with you.

C. LI: Half -- sure. I thought I had more than half an hour. Is that correct?

PRESIDING COMMISSIONER SIDLOFSKY: What did you think you have?

C. LI: Oh, I am sorry. I am talking about

between Pollution Probe and BOMA.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, no. Yeah, that would total an hour. But, wearing your BOMA hat, half an hour.

C. LI: Yes. Yes, I will probably require less anyway, probably about 45 minutes. But anyway, that is fine.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. How about if we see you, and you can do all of that after lunch, at 2 o'clock.

C. LI: Perfect, thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Great, we will break till 2:00. Thank you.

--- Upon recessing at 1:12 p.m.

--- Upon resuming at 2:00 p.m.

PRESIDING COMMISSIONER SIDLOFSKY: Please be seated.

Mr. Li, I am just going to ask you to hold off for one second. I am just dealing with one small technical issue for the panel. Witnesses are all okay now? Great. Mr. Li, I think we are ready for you.

CROSS-EXAMINATION BY C. LI

C. LI: Thank you. Good afternoon, panel. Again, my name is Clement Li, consultant to the Building Owners and Managers Association of Toronto, or just BOMA. As I mentioned this morning, I will be asking questions on behalf of Pollution Probe and

BOMA in this oral hearing. I plan to cover Pollution Probe's questions first, and then followed by BOMA's questions. And I will indicate on the record when I move from one to the other.

In terms of timing, I have dropped some questions from our list as they have already been covered by SEC and CCC this morning. So I think realistically we are looking at 30 to 45 minutes, BOMA and Pollution Probe combined.

If there's no question regarding this approach, I will start with questions on behalf of Pollution Probe, now. Okay?

PRESIDING COMMISSIONER SIDLOFSKY: Yes. The panel is fine with that, too. Go ahead, Mr. Li.

C. LI: Thank you, okay.

Elexicon entered a settlement on the majority of issues in this proceeding. And the OEB has accepted and approved that settlement proposal or agreement on November 3. The issues not resolved by this partial settlement agreement will now be determined by the OEB following this oral hearing and the parties' submissions.

So please tell me how and if this upcoming OEB decision on the outstanding issues would impact what Elexicon has already agreed to in the OEB-approved settlement agreement?

There are really two questions there. First, does it have any impact? If, yes, how?

S. VETSIS: Mr. Li, are you asking from the perspective of what it is that will be updated at the draft rate order following the OEB's decision?

C. LI: I guess I am asking how is it going to impact -- or does it have any impact on whatever has already been approved in terms of changes, numbers? Yeah, DRO in a way, yes.

S. VETSIS: I mean, Mr. Li, at a high level, obviously there are a lot of details in that document. But the settlement proposal approves and decides the capital funding envelope over the next five-year period, the rate setting framework, as well as a lot of the matters regarding individual rate setting.

And so, you know, we will be aligning our capital spend with those outcomes. I think from an OM&A perspective, what's at issue here is the 2027 OM&A. I think you heard an exchange earlier today with Mr. Rubenstein that, you know, as an organization following the settlement, we did an assessment of the impact on OM&A of the outcomes of the settlement. And ultimately what we concluded was that there is no impact on Elexicon's proposed 2027 OM&A, based off of that outcome.

And so for Elexicon, that remains the necessary level of spend to deliver on the -- on what's within the settlement proposal.

C. LI: Okay, okay. Thank you.

As you, Mr. Vetsis, as you outline in the settlement proposal presentation to the OEB -- you don't have to go there, but in the transcript, pages 18 to 19 -- you have stated that the 2027 OM&A, that you need to bring forward $1 million of deferred maintenance from 2028, so that the mandatory programs can be funded over that period. Is that correct?

S. VETSIS: Yes, that is correct. These are necessary maintenance sustainment programs which Elexicon had identified as part of its planning process, which in our initial application we had deferred to 2028 to -- for reasons of rate mitigation. And as we stated earlier, we are proposing those be brought forward to ensure that they can be funded under the new rate framework and in recognition of the increased reliability risk Elexicon will now have, given the reductions to capital which will largely be seen on the proactive asset replacement side.

C. LI: Okay, thank you. What is the best or latest exhibit that shows the impact of the change on OM&A by category? Like, I am talking about that $1 million increase. Can you point me to that exhibit by category if there's anyone?

S. VETSIS: I believe we filed an updated Appendix 2-JC in Excel format along with the settlement proposal.

C. LI: Would you mind going there, just -- and

this was -- I am sorry, this is filed -- this was filed -- is it the October 15th version or is it the September version?

S. VETSIS: Sorry, I am squinting a bit but I think it says "September" on the screen.

C. LI: Okay, okay. Thank you. I have this file, appreciate that. Can you -- no, no, that's good. Thank you.

I think I know what, but I just want to confirm that, is the effect of moving a million dollars into 2027 that it increases the 2027 base OM&A and then it would carry through the full five-year rate term; right? Is that correct?

S. VETSIS: Mr. Li, can you go to page 40 of the settlement proposal? You'll see in Table 16, Table 16 shows the outcome of the change in the rate framework associated with the agreed-to settlement proposal. You can see in -- you know, we have adjusted from an approach of the five-year forecast to one where we do a mechanistic adjustment off of a revised OM&A budget which is shown at the 82.9 million on the line "revised budget" and that's adjusted by inflation plus a growth factor minus a stretch factor each year. As you can see at the bottom of the table, based off of the adjustment in this framework, despite the bring forward of the $1 million of spend into 2027, the overall change in the rate framework results in a $4.3 million reduction in

OM&A recovered over the period.

C. LI: Right. I guess my key question really was when you apply the index factors you are using the revised number which is the 82.9; right?

S. VETSIS: That is correct.

C. LI: Okay, all right. Thank you. According to your evidence in this application, Elexicon asked to rebase earlier because of a number of challenges that it encountered during the deferred rebasing period. With these challenges the company's ROE has fallen below the 300-basis point since 2022. Are any of the issues or challenges that you encounter, that you mention in the evidence, still outstanding during this oral hearing or have they been addressed by the approved partial settlement agreement already?

S. VETSIS: The business challenges and the changes in business conditions that Elexicon experienced continue to manifest themselves going forward. As you know from the settlement proposal, we continue to expect the fastest rate of customer growth out of the large utilities in this province. We have obviously arrived at a funding envelope from a capital perspective, but we will still continue to be managing capacity constraints in issues regarding reliability performance. And so part of ensuring Elexicon can address those effectively is ensuring that we have an appropriate OM&A funding envelope to support the delivery of the items that are within the

settlement proposal.

C. LI: So your plan to address these challenges that you mentioned is to have more OM&A dollar -- because the capital part is covered by the settlement agreement already, but I guess the big one is the OM&A, and you need more OM&A funding to address these challenges; in a very simple term is that what you're telling me?

S. VETSIS: Yes. Ultimately, from our perspective, we are delivering on an overall investment plan. You know, that is a mix of, of course, the capital assets, the infrastructure that we put in the ground, but that is also making sure that we have the tools in place so that our staff can deliver on the work. It's ensuring we have the workforce to deliver on that. It's ensuring that we have processes in place that we have, you know, inspections, maintenance. So, again, all of these, both OM&A and capital, are ultimately, at the end of the day, investments that Elexicon makes which deliver on the service outcomes for our customers within the service territory.

C. LI: Okay, thank you. You already mentioned that -- so you expect the challenges will persist -- will be ongoing. And do you -- do you have an ROE projection over this rate term? I am assuming that you're projecting that your 2027 to 2031 OM&A -- not OM&A, I am sorry, I am sorry -- ROE will be higher

than the last few years. Correct? Do you have a projection for this rate term?

S. VETSIS: We do not, Mr. Li, because without knowing the outcomes from the OEB's decision regarding, you know, the funding for the Dx NEXT project, the OM&A envelope, we don't have a full picture regarding, you know, the revenues to be anticipated, there is many various other factors to be able to make that forecast. We can say that with approval of the settlement, we should have better alignment with our costs, relative to what was there historically. But ultimately I can't predict the specific ROE outcomes without knowing the outcome of the decision.

C. LI: So you cannot, even directional-wise -- are you expecting it will be higher than the last few years or you really cannot predict at this point?

S. VETSIS: I mean, for the amount of effort we have put into the application I would certainly hope we would be a little better off in the upcoming term than we have been in the past years.

C. LI: All right, thank you. Just before lunch CCC or Mr. Gluck had already covered quite a few questions on Dx NEXT and, if I look at Pollution Probe's questions, we only at this point only have one very general question on Dx NEXT. I appreciate that there were quite an exchange when it comes to timing and whether you could have implemented those

measures earlier. But my general sense is still utility, or many utilities, typically carry out integration and productivity work during the deferral rebasing period, and such that the utility is already more efficient by the time it rebases. Given that you already identified those issues quite a while ago, could Elexicon undertake Dx NEXT, like that kind of activity, earlier during the deferral rebasing period so that the savings could materialize earlier?

L. FROST-HUNT: Mr. Li, that -- you know, metering and billing solutions, our custom information systems, self-service portal, none of those technologies are quick or easy. So we identified the need in 2023, we conducted a robust RFP process in 2024, and we implemented the solutions starting January 2025 and we just completed it in Q3 of this year. So that is from concept to implementation is the process, that's the timeline that goes along with solutions of this scale and complexity.

C. LI: So can you confirm that you only identified the needs, the earliest date -- or I should say that the day that you recall is 2023, is the first time that you identified your needs?

L. FROST-HUNT: Maybe I will reflect on the exchange with Mr. Gluck earlier. You know, Ms. Romano spoke to the application layer, and her and her team at that time were exploring different

portals and system kind of at the application layer. My view in 2023 was underneath, it was infrastructure and operating system. And that view with regard to the underlying infrastructure and operating systems being beyond end of life was an action that we put in motion in 2023. Prior to that it was the efforts were focused on the application layer and the processes sitting on top of that application. So even if they had have advanced some of those changes on the app layer, the underlying infrastructure and operating systems weren't being addressed, which is what got addressed during Dx NEXT.

C. LI: Right. I appreciate that, thank you. That actually concludes Pollution Probe's questions for this panel. And I am now ready to turn to questions on behalf of BOMA Toronto now.

Can you please turn to your IR response 4-CCC-36, which was filed on May 8th? Okay. In that response you explain that it -- Elexicon pays 4.34 million out of 27 to limit bill impacts, $1 million on maintenance, 1.74 on delayed hiring, 1.6 for AMI 2.0; did I get the numbers correct?

S. VETSIS: I believe you're referring to the values in Table 1?

C. LI: Yeah, yes. Yes, that's correct.

S. VETSIS: That's correct.

C. LI: Okay. Now the numbers change a couple times and now fast forward a few months, and of those

four items you now -- you are asking to restore one of them, which is the maintenance item, $1 million into 2027 OM&A. Why this particular category compared to the others?

S. VETSIS: Again, Mr. Li, it goes back to what we discussed earlier. Just regarding the, you know, the fact that these maintenance expenditures, they are necessary to support and restore reliability performance. How, given under our rate framework, if they were not brought forward they would not be funded at all throughout the term, which would mean that Elexicon would be unable to execute on necessary maintenance, to the detriment of the service levels of its customers. And so the other areas, I think the AMI implementation, the RFP, will continue to take place in 2028, so there's that moving forward.

C. LI: Okay, thank you. This, if I understand it correctly, well, this was produced in May and this pacing, this whole approach assumed a five-year OM&A forecast. And if you look at the numbers, there's fairly significant increase or step up in 2028. Now under the settlement, 2028 to 2031 OM&A is no longer -- it's not really based on your forecast, instead it's indexed based on, like, inflation and growth and less the stretch. Correct?

S. VETSIS: That's correct.

C. LI: Yeah, okay. So -- and you already confirmed that, so the additional $1 million in '27

you are proposing that it would become part of the base that is escalated each year from '28 to '31. So you basically escalate a slightly bigger base now; right? That's what you're proposing. There is no pacing or the forecast doesn't -- it's sort of irrelevant now. The whole thing is indexed now. Is that correct?

S. VETSIS: Again, could we go back to page 40 of the settlement proposal? And, Jeff, do you mind just zooming in a bit, just so -- again, Mr. Li, yes, you are correct the rate framework that has been approved now as part of this settlement proposal -- settlement agreement. We are indexing off of a 2027 baseline. And if you take a look here you see the trajectory that's shown in, you know, the revised OM&A -- the revised OM&A budget -- sorry, revised OM&A funding that you see. And so in 2028 we are underfunding OM&A by $2.8 million. And in 2029 we are under funding the forecast by 1.8 million and so on and so forth throughout the term. So while we are bringing forward the maintenance into 2027, those other factors continue to be deferred out in the cost structure. And from a funding perspective, they are being deferred even longer now than they were before, due to the change in the rate framework.

C. LI: Okay, that's okay. Thank you, thank you. The next question is: For a typical -- for a typical GS50 to 2999 kW customer -- in a typical

GS3000 to 4999 kW customer, in each rate zone, what is the 2027 distribution bill impact for each, like, $1 million of additional 2027 OM&A? Would you undertake to provide that in a table, in tables?

S. VETSIS: We could undertake to estimate the impact of the $1 million on the rates in 2027.

C. LI: Thank you.

T. HOBBINS: That will be undertaking J-1.2.

UNDERTAKING J-1.2: Elexicon to estimate 2027 distribution bill impact of the $1 million additional OM&A

C. LI: Can you please turn to your IR response 10-CCC-71, Table 1, which was filed May 27th, which I think is labelled IR Responses Round 2? Yes, thank you. So the -- if you look at the table, the control centre forecast -- wait a minute. Did I get it right? Sorry. Yes, yes. I am sorry, yes.

If you look at the second row there, "third-party contractor." 1.37 in '27, and it falls to -- and it goes down to 0.22 by 2030, and is there at 0.22 in '31. Is it correct?

S. SADEGHI: Yes, that's correct. The costs of the third-party contractors starts at 1.37 for 2027 and will go down to 2031 -- to 0.22 by 2031.

C. LI: Right, okay. So if you just -- I just my math, 1.37 minus 0.22 is 1.15 million. Like, that 1.15 million of this category is, can I call it transitional, because it doesn't stay flat; right?

So -- but under the indexing wouldn't that be escalated every year to 2031, given what has been approved, the framework?

S. VETSIS: Again, Mr. Li, under an indexing framework what we are escalating is an overall OM&A funding envelope rather than individual line items. And so if we take a step back and, again, to the table earlier that we spoke about in the settlement proposal, right, in the original application we had bottom-up cost forecasts in every year, right, which would have included, in this case, the reductions in the third-party contractor costs.

Through the settlement proposal the change in the rate framework means that from an OM&A envelope perspective we are underfunding those forecasts in each year. And so if those benefits were provided to customers over time through the individual bottom-up forecasts each year, and now we are funding even less than that amount, customers continue to get those benefits in the future and moreso. And, again, we manage at an overall envelope basis.

So there will be some areas, like outside of this line, where Elexicon is experiencing cost pressures that are greater. And so the increases in those areas typically associated with the ones that are adding headcount over the period because that's one of the main drivers past 2028 is the growing workforce. Those areas would be underfunded on an

individual line item basis. And they get compensated. There is a compensation amount on an overall funding perspective that, on an overall funding basis, Elexicon has that overall envelope within which it operates.

Does that make sense, Mr. Li?

C. LI: Yes. But can you point to -- do you have a table that would tell me -- that can show which category is underfunded and which one is -- like, here, there is one example here, right? But is there -- do you have a table? Could you undertake a table to summarize so at the end give and take, you're not over-indexing, if that's -- you know that's my concern. Right?

S. VETSIS: But again, Mr. Li, look at the table that's on the screen right now. Right? So the top line of this table was the original forecast envelope of OM&A from the application; right? Proposed OM&A budget. The bottom line of this table, which says "Revised OM&A funding" is what Elexicon will receive through the new rate framework.

You can see on the total, overall, Elexicon will recover $4.3 million less than the five-year forecast. And so it's very clear on this table that Elexicon is not over-indexing.

C. LI: Okay. All right, I will take that. Thank you.

Can you please turn to JT-4.6, which was filed

July 8? If you go to page 2?

So in here, I think you -- well, the response said the regulatory costs in JT-4.6 were estimated, assuming a full oral hearing on all issues. And in the same technical conference undertaking response, JT-4.6, you also include a file, an Excel file with regulatory costs scheduled under different scenarios.

So I think the filename has, like, "Requested scenario, Appendix 2-M." Can you turn to that part, that -- the sheet with the different scenarios? Let me read the name of the file. It is EEJT4.6-1, application cost requested scenarios. And that is filed July 8th, 2026 -- Appendix 2-M, sorry.

D. COBAN: Just a moment, Mr. Li. We are looking for that reference, give us a moment.

C. LI: Yes, thank you, thank you. I'll wait. Yes, yes. Thank you. Okay.

So if you look at this -- well, first of all in this proceeding, most issues have now settled. So would you agree that the partial settlement scenario, which is if you look at the bottom, which is about 300,000 less than the full oral hearing scenario, do you agree that a partial settlement is a more appropriate estimate for 2027 regulatory costs?

S. VETSIS: No, I do not. And the reason for that is while I recognize the forecast of the partial settlement, you know, is forecasting more in alignment with the proceedings set out in this

application, when we prepared the cost estimates for this application we utilized as a benchmark for intervenor costs some of the experiences we had had in our most recent IRMs, which was roughly $155,000.

Given the procedural steps that had taken place here, this application aligns a lot more with what happened in the Hydro Ottawa case. And what we saw there is if you took the same intervenor list, those costs were closer to around 550K. So looking at our forecast, I would say there remains quite a degree of risk from a cost perspective. So we are not proposing to alter that. But we believe the factor of the 1.575 million remains the appropriate value to include in the baseline for 2027.

C. LI: So you are saying that this scenario analysis that was done on July 8th -- right? Or it was filed in July, on July 8th. So now you're saying that that is not a good estimate?

S. VETSIS: No. I am saying we continue to rely on it for the scenario of the revised full oral hearing. I think it remains appropriate for rate-setting purposes, roughly aligned -- a little bit better aligned with the costs that will occur. I do anticipate that this is, you know, slightly underforecasted due to that one line area.

C. LI: So you're saying that everything is underestimated. So if -- it's not because of a partial settlement scenario? But would you say in

general, a partial settlement scenario should cost less than a full hearing scenario, directional-wise?

S. VETSIS: I would agree with that. Yes.

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

Can you turn to your IR response, 9-SEC-99, which was filed May 8? There are two tables there, this Table 1 and 2. I will stop until you get there. Okay. You can just stop at Table 1.

So in this scenario or all scenarios I should say, you have disposing Group 2 over one year. And if you go to Table 2 -- and that's the scenario with five year.

Now I just want to -- first of all, I want to make sure I understand the numbers. Are these monthly? Or are these annual numbers?

S. VETSIS: This would be on a monthly bill.

C. LI: Okay. These are monthly numbers. Okay.

Do you have a new table or revised table equivalent to Table 1 and Table 2 on the new numbers. I mean, these numbers are sort of outdated now; is it correct?

S. VETSIS: We go to -- actually, Mr. Li, there was an attachment that was filed with a settlement proposal -- I think it's either Attachment 22 or 2023 -- which includes revised bill impacts with the outcome of settlement. That table does assume a five-year disposition period for Group 2 accounts. There is not an updated version of the table with a

one-year disposition period.

That said, I would anticipate, though, that the impact would actually be to -- if you were to do that scenario, would further increase the 2027 rate impact in a year where we are trying to manage the impact of the catchup.

C. LI: Would you -- if it's not too much work would you undertake to generate Table 1 so that I can compare that with the five-year disposition scenario?

S. VETSIS: We could undertake to do that. Yes.

C. LI: Please.

T. HOBBINS: That will be undertaking J-1.3.

UNDERTAKING J-1.3: Elexicon to generate Table 1 for comparison with five-year disposition scenario

C. LI: Those are BOMA's questions for this panel. Thank you. Thank you very much.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Mr. Li.

Moving on to Distributed Resource Coalition, Mr. McGillivray and Ms. Smith.

J. MCGILLIVRAY: Thank you, Mr. Sidlofsky.

CROSS-EXAMINATION BY J. MCGILLIVRAY

J. MCGILLIVRAY: Good afternoon, panel. My name is Jonathan McGillivray and I am counsel for the Distributed Resource Coalition in this proceeding. I don't expect to be very long and have, I think, four areas that I would like to canvass with you and they

all relate to Dx NEXT.

First, I would like to ask you about the functionality of Dx NEXT for DER and EV connections. Then I would like to ask you about the Dx NEXT business case and how that has evolved, which we have already talked about a little bit today. I would also like to ask you about the implementation costs and schedule for Dx NEXT and confirm the current status. And then finally, I have a couple of follow-up questions on an area that Mr. Rubenstein spent some time on with you, earlier today.

So if I could start, I would like to take you to undertaking JT-3.4 and specifically on page 3. There's Table Number 2. Right here, that's great. We may have to go down a little bit, but I think that works right there, pretty well.

Elexicon identifies automated connection workflows, reduced manual data entry, centralized data access, and improved customer service delivery as anticipated benefits of Dx NEXT. Is that fair?

L. FROST-HUNT: Yes, that's fair.

J. MCGILLIVRAY: Thank you. And those benefits relate to Elexicon's general customer connection processes, including processes used for DER and EV charging connections. Is that right?

L. FROST-HUNT: Yes, that's correct. The reason for the conference there is we have one portion of it with the customer, which is the customer connection

process, and then one portion with the asset management and field operations piece, which is coming in Phase 3 starting next year. So...

J. MCGILLIVRAY: Both of those two portions would relate potentially to DER and EV charging-related connections in certain circumstances?

L. FROST-HUNT: It would pertain to service orders coming into the organization of any type.

J. MCGILLIVRAY: Including those two categories, broadly?

L. FROST-HUNT: Yes.

J. MCGILLIVRAY: Thank you.

If I could go to Exhibit 4, Tab 1, Schedule 2, page 3. And I am looking at, roughly, lines, I think it's 8 till 11:

> "Elexicon also expects Dx NEXT to improve asset information management, demand planning, and the preparation of system designs." (as read)

Do I have that right?

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

J. MCGILLIVRAY: Which of these capabilities does Elexicon expect to be operational next year?

L. FROST-HUNT: The core ERP phase, which is going to implement these capabilities for asset management and distribution operations will go live in Q1 of 2028, which is outside of 2027.

J. MCGILLIVRAY: Okay. So preparatory work in 2027 for go live in Q1 of 2028? Is that right?

L. FROST-HUNT: The project starts in January; it takes a year and a quarter.

J. MCGILLIVRAY: Okay, thank you.

And has Elexicon separately quantified the portion of Dx NEXT's anticipated benefits that are attributable specifically to DER or EV connection processing?

L. FROST-HUNT: The way that the modules for Dx NEXT were chosen were deliberately tied to the expanding work program. So the benefits that we have quantified really are the FTEs per 1 million of CAPEX. And so you'll note in 1-CCC-9 right now Elexicon is using 5.7 FTEs per million of CAPEX, and we are going to be moving to 2.6 FTEs per million of CAPEX. So that is the overarching benefit, is the capital throughput. We do not have a specific quantifiable amount tied to EVs and DERs.

J. MCGILLIVRAY: I appreciate that. Thank you.

If we could go back to undertaking JT-3.4 for a moment? This is my second area on the business case. If we go to page 1 around about line 11, or starting from line 11, I think. Yeah.

> "Elexicon recalculated its Dx NEXT business case using the cost and benefits that were known at the time of this undertaking response." (as read)

Is that fair?

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

J. MCGILLIVRAY: And the revised business case, I think, identified approximately $95.7 million in cumulative benefits. This is on page 2; I think it's reflected in Table 1. And that's including capital-related productivity savings and OM&A savings. Is that right?

L. FROST-HUNT: You're referring to the cumulative benefit in the updated column, the 95.7?

J. MCGILLIVRAY: That's right.

L. FROST-HUNT: Yes, that's correct.

J. MCGILLIVRAY: And very specifically, the inputs for the capital-related benefits were updated using assumptions concerning materials and subcontractor costs associated with Elexicon's '27 through '31 capital work program. And I am looking at, I think it's lines 15 through 19 there.

Do I have that right?

L. FROST-HUNT: Yes. And if we go back to the table quickly, I will just note that you see the cumulative benefit, 85.5, in the original? That was based off of 2023 actuals. So that was the capital work program and the materials as of 2023.

And we do have a benefit tied to procurement. And so we did rerun this table based on the expanded capital work program that's now available in the forecast. But at the time we did this, we used the actuals that we had at hand. So that's the reason, between the 85.5 and the 95.7.

J. MCGILLIVRAY: Okay, thank you.

If we could go to the settlement agreement and specifically page 34 of that document? It's Table 11. Yes, thank you.

So following the -- I think this maybe goes to what you just said: Following the preparation of the undertaking response we were just on in JT-3.4, the parties agreed to reduce Elexicon's capital expenditure envelope from approximately 740 million to 621.6 million; is that fair?

L. FROST-HUNT: Yes, that's correct.

J. MCGILLIVRAY: And then my question is has Elexicon recalculated the anticipated capital-related productivity benefits of Dx NEXT using those expenditure levels as reflected in the approved settlement?

L. FROST-HUNT: I may have preceded your question.

J. MCGILLIVRAY: Yeah.

L. FROST-HUNT: And that's where we are seeing the uplift on the NPV, because we did refresh that calculation based on numbers.

J. MCGILLIVRAY: So is that information on the record?

L. FROST-HUNT: That updated calculation is reflective of that.

J. MCGILLIVRAY: Oh, from JT-3.4?

L. FROST-HUNT: Correct.

J. MCGILLIVRAY: Okay. Okay, thank you.

My third area on the implementation costs, if I could have you go to the interrogatory response for SEC-78. And go to part (g) of the response.

We might have to look at Table 5 and -- well, this is Table 1. Let me ask the question. So Elexicon explains in reference to part (g) that its forecast Dx NEXT implementation costs include both internal and external resources; is that fair? And can you explain that?

L. FROST-HUNT: In order for us to complete the project, we were required to second senior knowledgeable staff to the project. And the only possible way we could do that was to backfill them. And so when we talk about an internal cost, it's really about bringing that internal resource on to the project and then having the project pay for the backfill of that individual.

J. MCGILLIVRAY: And external implementation costs were based on fixed contractual amounts while internal costs reflected forecast labour requirements. Is that accurate?

L. FROST-HUNT: Yes, that's accurate.

J. MCGILLIVRAY: Okay. If we could go to Exhibit 4, Tab 1, Schedule 6, Appendix A. And I think it's on page 12 of Appendix A, there is Table 4 which is the Dx NEXT one-time implementation costs, and the original forecast included approximately

$19.49 million in implementation costs for '27. Is that correct?

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

J. MCGILLIVRAY: Have there been material changes to the projected implementation schedule or the anticipated total implementation costs that are not reflected here?

L. FROST-HUNT: There have been no material changes, no.

J. MCGILLIVRAY: Okay. And have the anticipated internal labour requirements or associated implementation costs changed materially from the assumptions underlying the account 1511 recovery request?

L. FROST-HUNT: The project costs have not changed and the underlying recovery remains the same.

J. MCGILLIVRAY: Okay, thank you. Finally, an area that Mr. Rubenstein canvassed with you in some detail this morning, I just have a couple follow-up questions. I think this is back to JT-3.4 on page 1. And this is where Elexicon confirms that the anticipated efficiencies from Dx NEXT, including avoided staffing costs, have already been incorporated into its proposed OM&A budget. And if the functionality necessary to achieve those efficiencies is delayed, am I correct that Elexicon would nonetheless have to manage the associated workload within an OM&A budget that assumes those

efficiencies are being realized?

L. FROST-HUNT: I apologize, could you -- at one point I think they were in and they were out so if you could just clarify?

J. MCGILLIVRAY: Yeah, for sure. So the question is: If the functionality necessary to achieve these efficiencies is delayed, would it still be the case that Elexicon would have to manage the associated workload within an OM&A budget that assumes the efficiencies are being realized?

L. FROST-HUNT: Let me state that the modules that are being implemented with Dx -- sorry, the capabilities that are being implemented with Dx NEXT have specifically been limited to those that are required to execute this expanded capital work program. There are many additional capabilities beyond the scope of Dx NEXT that we would love to implement, right, advanced asset investment planning, master data governance, contingent workforce, none of those functionalities are being implemented, just the bear minimum to enable the expansion of the work program. If we are not able to implement Dx NEXT our ability to implement the capital work program will directly be impacted.

J. MCGILLIVRAY: Okay, thank you. And in those circumstances, do you anticipate that Elexicon would face a choice between, maybe for example, incurring additional operating costs to maintain service levels

and attempting to absorb the additional workload within its existing resources? I appreciate it's a general question.

S. VETSIS: I will say from a rate setting perspective, the funding envelope would remain the same from an OM&A perspective.

J. MCGILLIVRAY: Thank you, I think those are my questions for panel 1.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. McGillivray, thank you. On to Power Workers Union, online with Ms. Bruckner.

H. BRUCKNER: Thank you very much.

CROSS-EXAMINATION BY H. BRUCKNER

H. BRUCKNER: Hailey Bruckner for the Power Workers Union. I think I will be quite brief. I only have a couple of questions with respect to Dx NEXT.

So, panel, thank you for joining us today. Starting off, we have heard a lot today about savings and efficiencies coming out of Dx NEXT. Would I be correct in understanding that Dx NEXT is not being implemented based purely on forecasted savings and efficiencies from the program?

L. FROST-HUNT: Dx NEXT is really oriented around two principal outcomes. So one is addressing the cyber risk, which we have talked at length. And the second is enabling Elexicon's expanding work program. And, again, I will just reiterate that, you

know, we are increasing the capital throughput per FTE by over 200 percent with this Dx NEXT investment.

H. BRUCKNER: So on that note, you can let me know if you can't answer this question, it does call for a bit of speculation. Would you still have implemented Dx NEXT even if the forecasted savings and efficiencies were actually lower than the ones set out in the evidence before the OEB in this application?

L. FROST-HUNT: Ms. Bruckner, it is hard to speculate on different hypothetical scenarios. We did do a business case. A business case allows us to address the cyber risk, enhance our customer service capabilities, support our expanding work program and it does break even over the term. So that is what we went forward with.

H. BRUCKNER: Okay, thank you. Those are all of my questions for panel 1.

L. FROST-HUNT: Thank you, Ms. Bruckner.

PRESIDING COMMISSIONER SIDLOFSKY: Ms. Bruckner, thank you.

We are on to OEB Staff. Mr. Hobbins?

T. HOBBINS: Thank you, Commissioner Sidlofsky.

CROSS-EXAMINATION BY T. HOBBINS

T. HOBBINS: Good afternoon, panel. I am Tobias Hobbins. I am representing OEB Staff. And I will be asking a series of questions prepared by Staff. Most of the topics have been covered, but I have some

additional details, largely to clarify the record and also to explore some additional issues.

So I will start with Dx NEXT. And specifically in relation to IT staffing. If we could pull up Exhibit 4, Tab 1, Schedule 6, specifically Appendix A, at page 27. Okay.

And if we could just scroll down to line 25 or 26. And into 20 -- yeah, that's great. And so here Elexicon Energy states that it will significantly reduce the number of systems requiring support and will achieve an approximately 30 percent reduction in the number of applications currently maintained. The 30 percent figure I think is just a bit below here. Is that correct? Do you agree with this characterization?

L. FROST-HUNT: Yes. I think if we look at the number of discrete standalone systems in the legacy environment versus the consolidated suite from a single vendor, there is a significant reduction in percent.

T. HOBBINS: Okay. If we can pull up the IR response to 4-CCC-50, and if we could scroll down to Table 1. And so just looking at the labour line here, that's the first row, we see that technology labour rises from 1.8 million to 2.4 million from 2025 to 2027. Do you see that?

L. FROST-HUNT: Yes. There was an integration and database specialist, a cybersecurity specialist,

and a system administrator added to the IT organization, which is reflected in those costs.

T. HOBBINS: Okay. And that's about a 33 percent increase; right? I am just looking for numbers here.

L. FROST-HUNT: Subject to check on the percentage, but --

T. HOBBINS: Sure.

L. FROST-HUNT: -- we did have three FTE's joining.

T. HOBBINS: Okay. And then contractors and consulting costs, that rises from 0.98 million to 1.54 million and that's about a 57 percent increase, subject to check?

L. FROST-HUNT: Subject to check on the percentage, I will note the increase. But this was part of my maybe impassioned presentation earlier that if you scroll down in this exhibit I think you will see Table 4 and Table 5. So this is the technology segment costs related to cybersecurity and you will note that in the bridge and forecast period they are relatively flat. And so the only way that works is if I have the ability to access OM&A for advanced cyber consulting, advanced cyber resources. I can do advanced cyber staff augmentation while maintaining a flat segment cost related to cyber. And that OM&A is reflected -- if we go back up to Table 1, that is what is reflected in that third

party contractors and consulting. And so if I didn't have the third party then I would have to increase the cyber line.

T. HOBBINS: If we can turn to 4-CCC-50 (e), it's just further down. Here we see at -- we see that Elexicon states that it does not expect to reduce internal IT staffing levels with the transition to cloud-based solutions. Is this -- do you agree with this, and is this what you're referring to when you're talking about shifting between contract and internal staff?

L. FROST-HUNT: This is different.

T. HOBBINS: Okay.

L. FROST-HUNT: If I look at my staffing complement today, I have resources that are required to administer these cloud-based solutions. So even though there's a notion that you move something to the cloud it doesn't require administration, that's not correct. Often we have cloud to cloud integration, which requires complex architecture. We also have very fine network segmentation, so we slice up the networks to control cybersecurity with our cloud systems, who can access what.

So, you know, in the past we might have people patching and maintaining on-prem servers, now those resources are doing cloud broker integration as well as micro segmentation on the networks. So there is no net labour reduction with the move to cloud. I

will also note that the complexity of the environment has drastically increased. So we have capabilities in this new environment that we just didn't contemplate previously, so the environment has expanded, as well as requiring administration and management.

T. HOBBINS: Okay. And in the same portion here Elexicon states that existing staff would be refocused from infrastructure maintenance to higher value activities including cybersecurity; is that right?

L. FROST-HUNT: Yes. Those are the activities I was talking to you.

T. HOBBINS: Okay.

L. FROST-HUNT: Yeah, thank you.

T. HOBBINS: Would you agree that Dx NEXT generally reduces overall cybersecurity risk?

L. FROST-HUNT: We have seen a dramatic improvement in our security posture through the implementation of Dx NEXT. When we removed Windows 2008 and Windows 2012, and mind you those are internet-facing technologies, right, the customer portals, we saw a drastic improvement in Elexicon's cyber posture. So, yes, we have seen improvement.

T. HOBBINS: So despite those improvements, though, Elexicon has stated they are going to repurpose existing staff towards cybersecurity and potentially hire additional staff; is that right?

L. FROST-HUNT: No. Elexicon is not going to hire additional staff. Elexicon is asking for the complement of IT staff that it has, which is two, as well as access to OM&A in order to provision advanced cyber staff augmentation, advanced cyber consulting, advanced cyber resources kind of on as as-needs basis. And I did give a good example of a very recent advance AI threat, which was that PHP2Shell I gave earlier.

T. HOBBINS: Understood, thank you.

L. FROST-HUNT: Those are the kinds of scenarios we are expecting to see more of in the future.

T. HOBBINS: Sure. All right. Then if we could pull up 4-CCC-47, this is about customer experience and contact centre staff. And if we go to (b). All right. So based on Table 2 here, can you see that inbound costs -- or contacts falls from 124,000 in 2026 to 113,500 in 2027? It's the bottom row there.

K. ROMANO: Yes, that's correct.

T. HOBBINS: And if we scroll to the next table, do you see that customer experience representatives increased from 23 to 24?

K. ROMANO: Yes, that's correct.

T. HOBBINS: Can Elexicon Energy explain why fewer inbound contacts require more customer experience staff?

K. ROMANO: Yes, sure. Jeff, can you just scroll up a little bit, please, back to the table.

So this table as outlined here -- I think it's Table 2 -- provides the break out between our inbound calls, as well as our e-mails. And as noted in the technical conference in June, what's not highlighted in here is the additional contacts that we are forecasting starting in 2027, which is our interactive chat with our frontline staff. If we were to add those volumes to this table, we would add an additional 11,500, based on our forecast. And, therefore, that would outline the need for the additional one CER for 2027.

T. HOBBINS: So just to clarify then, that additional one CER is taking care of the chat inbound contacts or? I just didn't follow.

K. ROMANO: What I was suggesting was in Table 2 that it's not the full view of the contacts that we are forecasting starting in 2027. And if we were to update this table to reflect those total forecasts -- total contacts we would added 11,500 to the total forecast line in 2027.

T. HOBBINS: Okay. And is it a CER representative, like, who would be dealing with those additional contacts that are not represented in the table?

K. ROMANO: So it's not necessarily a one to one. It's intended to be a holistic view. I am just referring to the fact that there is contacts missing from this table, which is Table 2, and then we can

scroll down to the total headcount table. Right. And then I recall that your question was the fact that we are increasing staff in 2027?

T. HOBBINS: Yes.

K. ROMANO: And one of those staff members is a frontline customer experience person to be able to respond to overall inbound contact, yes.

The second role that we are looking to onboard is called the business process analyst. As outlined in our evidence in 2024, that we had a person that fulfilled that role who retired from the organization, and knowing that we were embarking on a two-year project, I repurposed that role to support our key account specialist with the anticipation of introducing that role once the project had come to a closure, and we were in a position now where we needed to take on optimization and continuous improvement. So that would be the role coming back in 2027.

T. HOBBINS: Okay. And then moving on to e-billing, we are really just looking for an undertaking here. I am wondering if Elexicon Energy can undertake to provide actual monthly e-billing enrolment since its new platform went live in 2026?

K. ROMANO: Yes. I can undertake to provide the monthly customer enrolment as of month-end of October. Would that be reasonable?

T. HOBBINS: That's acceptable, thank you. That

will be marked as undertaking J-1.4.

UNDERTAKING J-1.4: Elexicon to provide the monthly customer enrolment as of month end of October 2026

T. HOBBINS: Okay. I will turn now to discuss people and training costs. If we could pull up 4-CCC-52.

D. COBAN: I am sorry, Mr. Hobbins, that's a panel 2 question for people and culture.

T. HOBBINS: Just a second. To the extent we think the questions relate to Dx NEXT, we think the panel could answer some of them. But really, we are looking at sort of cost increases and drivers of costs here relating to Dx NEXT.

D. COBAN: We can give it a try and do our best.

T. HOBBINS: Sure.

D. COBAN: And punt what we can't to panel 2.

T. HOBBINS: Okay.

So Elexicon Energy's response to 4-CCC-52c, if we could scroll down? It shows that training costs and the people and culture segment increased from 1.82 million in 2025 to 2.91 million in 2027. Do you see that there?

D. COBAN: Unfortunately, it seems that we might need to punt sooner than anticipated because the witnesses are not equipped to deal with these particular line items.

T. HOBBINS: Okay. Would this panel be able to

answer the following question: Specifically, whether Elexicon can confirm that end user training for Dx NEXT is included in the implementations costs recorded in account 1511?

L. FROST-HUNT: We can confirm that Dx NEXT did have a comprehensive change management and training budget. With regard to your specific question about the labour of the staff that were involved in that training, we will kindly refer to panel 2.

T. HOBBINS: Okay. Thank you.

L. FROST-HUNT: Thank you.

T. HOBBINS: I will turn now to some questions about vegetation management. If we could pull up 4-CCC-44. And in this table, Elexicon Energy forecasts $517,300 in 2027 for LiDAR and AI-enabled vegetation analytics. Do you see that there?

S. SHEEHY: Yes, I do.

T. HOBBINS: And that is an increase from $135,800 in 2026; is that correct?

S. SHEEHY: Yes, that's correct.

T. HOBBINS: And at the technical conference we heard that the whole service territory will be scanned as part of a pilot in 2027, with a full rollout starting in 2028. Does that generally sound right?

S. SHEEHY: Yes. Back in June when we stated that in the conference, that's correct. I should note that Elexicon has since been able to conduct a

pilot on the LiDAR scanning, evaluate its approach, gain some familiarity with the tool. And we are proceeding with a two-scan rollout in 2027, as indicated in this table.

T. HOBBINS: Okay, thank you.

Was there any business case or cost benefit analysis prepared when this technology was proposed?

S. SHEEHY: There was not a business case prepared on it. It is a technology that Elexicon has seen on the market. And we determined that it would be an effective approach to model our vegetation. We have seen an increase in tree contacts over the years at Elexicon, and we have seen this technology be prevalent on the market. But there was no business case conducted to perform it. Rather, it's a mitigation tool to help manage our tree contacts that are increasing.

T. HOBBINS: Okay. Similarly at the technical conference in June we heard that while Elexicon Energy worked with vendors to quantify the savings arising from this technology, the results were inconclusive. Is that still the case?

S. SHEEHY: I recall back to the technical conference where we stated that we have not yet been able to quantify any savings from this program. We have not yet implemented it. So that was the essence of what we were conveying back in June.

T. HOBBINS: Just to clarify then, have any

savings from this technology or expected savings been included in any year of the forecast?

S. SHEEHY: Quantitatively? No, it is not. We did mention in the evidence that we do anticipate once this technology is implemented as well as the enhancements that we will be making to our planned cyclical and mid-cycle spot trimming that eventually we will see an improvement in the -- if we scroll down here, into Table 2, you would start to see an improvement down the road in reactive trimming.

But until these technologies are implemented and the changes to this program are implemented, we have not quantitatively baked in any savings.

T. HOBBINS: Okay, thank you.

I will move on to some questions on asset planning and system engineering. And specifically, let's start at 4-Staff-106. Sorry, could you just scroll up a little bit on this reference, so I can see which -- could we go to page 2 of 4? Okay.

And at line 2 here we see that Elexicon Energy stated that $297,000 increase to asset planning and system engineering subcontractor costs between 2024 and 2025 was for consulting work to support enhanced planning activities for the rebasing application, and that the consulting work was expected to be in line with normal proportions for 2026. Do you see that? Just the first paragraph there.

S. SHEEHY: Yes, I do.

T. HOBBINS: And then if we turn to 4-CCC-38 at Table 1? Here we see that the 2026 bridge-year forecast is lower than 2025 actuals. Do you see that?

S. SHEEHY: Yes, I do.

T. HOBBINS: Is the 2026 forecast lower than the 2025 actuals because of the consulting work that we referred to earlier? As in that consulting work ends?

S. SHEEHY: Yes. That's the reason as explained in Staff-106 that we just went over.

T. HOBBINS: Okay. And then in the same table we see that the asset planning and system engineering costs rise in 2027 by about $409,000. Is that right?

S. SHEEHY: Yes, that's correct.

T. HOBBINS: And third-party contractor costs, that's the third row of items here, rise from 32.2 to $122,100 in 2027?

S. SHEEHY: Yes, I see that.

T. HOBBINS: And that's almost four times higher than the 2026 level. Is that right?

S. SHEEHY: Yes. What's taking place in the 2027 period onwards is allocation for two specific items within this third-party contractor line. One of them is load forecasting, so continued enhancements and improvements to our load forecasting processes. And the other is within our standards and system studies department, so continued studies

related to our standards that the team has prepared. Those aren't being conducted in 2026, which is why those costs are reflected in 2027 and onwards.

T. HOBBINS: Okay. Thank you.

And then scrolling down to the response at (b) specifically at lines 8 and 9, Elexicon Energy states that:

> "In the APSE segment, forecast costs reflect the additional staffing required to manage an increased planning workload commensurate with the growth in the utility's maintenance and capital programs, system studies, scope package development, and capacity assessments." (as read)

Do you see that?

S. SHEEHY: Yes, I do.

T. HOBBINS: Can Elexicon Energy undertake to provide the number of system studies, capacity assessments and scope packages completed by the APSE segment in 2024 and 2025 and its forecast for 2026 and 2027?

S. SHEEHY: Just so I am clear on the undertaking, you are looking for the system studies, scope package development within this area between 2024 to 2027?

T. HOBBINS: That's right.

S. SHEEHY: Yes, we can produce that.

T. HOBBINS: Okay, thank you. That will be

marked as undertaking J-1.5.

UNDERTAKING J-1.5: Elexicon Energy to provide number of system studies, capacity assessments and scope packages completed by the APSE segment in 2024 and 2025 and its forecast for 2026 and 2027

T. HOBBINS: I realize we are coming up to the break here. I have about 20 more minutes of questioning. Would you like to take the break now, Commissioner Sidlofsky?

PRESIDING COMMISSIONER SIDLOFSKY: Would now be a good time for you, Mr. Hobbins?

T. HOBBINS: It could be.

PRESIDING COMMISSIONER SIDLOFSKY: Let's do that then. We will take a break. We will be back at 3:45.

--- Upon recessing at 3:30 p.m.

--- Upon resuming at 3:47 p.m.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, be seated, please.

Mr. Hobbins, just before I turn things back over to you, I just wanted to raise something or the panel just wanted to raise something about scheduling for tomorrow. We will be finishing with panel 1 today and we will be moving on to panel 2 tomorrow morning. But the way the schedule is looking right now, Wednesday morning is really just about 25 minutes for panel questions and redirect.

The panel really doesn't want to bring everyone back for 25 minutes. So what I am hoping, Ms. Coban, is that you'll speak to panel 2 and see if your witnesses will be prepared to stay a bit longer tomorrow if necessary, just so we can finish off.

D. COBAN: Yes. That makes good sense. And we will have that chat and I will give you an update tomorrow morning.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks very much.

D. COBAN: We do have a preliminary matter before we turn it back.

PRESIDING COMMISSIONER SIDLOFSKY: Sure. I was going to ask for that, but okay.

PRELIMINARY MATTERS

D. COBAN: Prior to OEB staff doing their examination, there was an exchange with DRC and Mr. Frost-Hunt with respect to the NPV analysis of Dx NEXT and whether it had been updated for the settlement capital numbers.

PRESIDING COMMISSIONER SIDLOFSKY: Right.

D. COBAN: I believe Mr. Frost-Hunt may have misspoken on that. He thought that we were looking at the pre-filed numbers. And so that NPV analysis has not been updated. We have spoken to DRC and are okay to provide an undertaking to update it to reflect the settled capital numbers.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks Ms.

Coban. And Mr. Hobbins, just before you get to your questions, can you give that an undertaking number please?

T. HOBBINS: That will be undertaking J-1.6.

UNDERTAKING J-1.6: Elexicon to update NPV analysis to reflect settled capital numbers

PRESIDING COMMISSIONER SIDLOFSKY: Anything else preliminary?

Okay, Mr. Hobbins.

T. HOBBINS: Just to circle back actually to an undertaking that I was given relating to the APSE forecast for 2024 through 2027, we just wanted to confirm that that will include numbers for capacity assessments? We provided -- I think what we heard is that you would be providing that undertaking for system studies and scope packages. But we wanted to make sure all of the items that were discussed in the excerpt from the exhibit will be provided.

S. SHEEHY: Yes, we will review any of the appropriate assessments and studies that fit within that category and provide those within that update.

T. HOBBINS: Okay, thank you.

Can we turn to 4-Staff-130(c)? It will be at Table 3.

And so here we see that Elexicon Energy's one-time rebasing costs include about $2.5 million for DSP-related application support. Do you see that?

S. VETSIS: I do.

T. HOBBINS: And as we discussed before the break, there was a $297,000 amount relating to rebasing consulting work as part of the 2025 APSE costs.

Is that included here in this $2.5 million figure?

S. VETSIS: My understanding is that those costs that you saw earlier would not be included here because they were more related to day-to-day kind of work undertaken by the APSE team. So what's here is specific support related to the DSP, like the actual evidence requirements.

T. HOBBINS: Okay. Thank you for that clarification.

I will move now to some questions about the system control centre.

I think as we heard earlier today, we heard some details about qualified operators and sort of the apprentice training pipeline. And just to get us started here, perhaps we can pull up 10-CCC-71.

I will turn to this table in a second, but generally speaking, do you agree with the proposition that a qualified operator is someone who can work a control room shift independently?

S. SADEGHI: Yes, I do.

T. HOBBINS: And would you also agree that an apprentice cannot work a shift independently in the control room?

S. SADEGHI: Yes, I do.

T. HOBBINS: Is there anyone else who would perform the tasks of a qualified operator who can work independently in the control room?

S. SADEGHI: No, the only person who is authorized to work independently in the control room would be a qualified operator, a designation which is received after completing minimum of 48 months of apprenticeship program.

T. HOBBINS: Okay, thank you. Can we go to Table 6? That is on page 9 of this IR. And from this table we can see that the number of apprentices goes from 11 in 2026 to 10 in 2027. Is that right?

S. SADEGHI: That is correct.

T. HOBBINS: And we also see that the number of qualified operators increases from 2 in 2026 to 5 in 2027. Is that also correct?

S. SADEGHI: That was the plan based on the time that Table 6 was put together, yes.

T. HOBBINS: Is there updates to Table 6?

S. SADEGHI: As part of the 2026 hiring plan, we are planning on hiring two qualified operators. However, as of now, we have not been able to fill that position considering the very fierce competition for that role and the shortage in the labour market. And we are currently actively recruiting for both operators as well as apprentices. If between now and the end of the year we are successful in securing a

qualified operator then that number will be at 2. Otherwise, it would just mean that the number of apprentices will be higher as we head to 2027.

T. HOBBINS: Okay. Thank you for that clarification. If we are looking at dispatchers, we heard at the technical conference that dispatch is currently being done by qualified operators and apprentices. Is that generally right?

S. SADEGHI: That is correct.

T. HOBBINS: And I think we also heard at that technical conference that two dedicated dispatchers will be added and they will provide a benefit to the qualified operators, to the extent that they can focus on operating the grid. Does that also sound generally correct?

S. SADEGHI: That is correct.

T. HOBBINS: Has Elexicon Energy filed any analysis showing that two dispatchers are required?

S. SADEGHI: We did not perform an analysis, per se. The need for hiring dispatchers was identified through our discussions with neighbouring utilities, as well as the discussions that came up through the exit interviews that were conducted as the operators and apprentices were leaving Elexicon.

T. HOBBINS: And, sorry, are those discussions on the record or could you provide more detail on what you mean by "discussions with other utilities"?

S. SADEGHI: Dispatch position is a standard

function within the system control centre of, let's say, Toronto Hydro, Alectra, Hydro One. These are critical functions that support the operators, specifically during high-volume events so that the operators can focus on power restoration activities and not be distracted by having to make phone calls to activate resources to respond to emergencies.

T. HOBBINS: Are the utilities that you just listed the ones you have discussed this with or is that just for example?

S. SADEGHI: We did discuss that with Toronto Hydro and Alectra.

T. HOBBINS: Okay. That's sufficient, thank you. But generally speaking, so what it sounds like is that dispatchers will take some of the workload off of qualified operators, assuming they are added?

S. SADEGHI: They would take the workload off the operator from the perspective of allowing the operator to focus on operation activities. One can argue that that function of having to dispatch should never really have been with the operator. And that would allow the operator, as I mentioned earlier, to focus on their core activity, which is to focus on power restoration during a high-volume event.

T. HOBBINS: So would you agree that the addition of the dispatchers could reduce the overtime that's worked by qualified operators?

S. SADEGHI: I would say that the addition of

the dispatcher has a primary impact on allowing the operator to focus on the core activity and also reduce the stress that they would be facing during power restoration activities at a high-volume event. So while there could be some minimal reduction to overtime because the operator could possibly be spending less time having to call resources to activate them, but the primary impact is going to be, as I mentioned, on allowing the operator to focus on power restoration, which in turn will translate to Elexicon's ability to restore power to the communities that are affected faster.

T. HOBBINS: Is there a reason why Elexicon Energy is looking to hire two dispatchers, rather than one?

S. SADEGHI: Yes, there is. There are a number of reasons as to why we would be looking to hire a minimum of two dispatchers, actually I should say we are looking to hire two dispatchers, not a minimum of two dispatchers.

Number one, from an operational continuity perspective it is important to have a backfill for that resource so that if that resource is unavailable, let's say, during a high-volume event or duplication due to training, et cetera, there is a backup.

The second thing is from a training perspective it is more effective and efficient to have more than

one individual trained at the same time.

The third reason being that during a high-volume event that could last several days, a dispatcher, similar to an operator after having worked a certain number of hours, will have to get rest, which will then allow us, by having a second dispatcher, to fill that shift.

T. HOBBINS: Okay, thank you. Can we look at 4-Staff-108? And if we can scroll specifically to Table 2. This is an overtime forecast, and here we see that system control centre overtime is forecast to rise between 2026 and 2027; do you see that increase there?

S. SADEGHI: Yes, I do see the increase of 296,000 in 2026 to 349,000 in 2027 in Table 2.

T. HOBBINS: Can you provide some explanation as to why overtime still increases in 2027 when the number of qualified operators also increases during that period?

S. SADEGHI: If I may, I would like to point you to JT-2.7. As stated between lines 10 to 14, there are four reasons stated here that will necessitate overtime, which will also explain why overtime will continue to remain at an elevated level in 2027.

So the first one is that overtime is incurred to due to the work that the operators do to maintain operational reliability, to support training, the development of the operator apprentices, and to

manage the growing capital and maintenance work program. And also to respond to unplanned and urgent emergencies.

So despite the fact that some of the apprentices are becoming operators, we will still continue to have a number of positions in the apprentices that will continue to be shadowing the qualified operators, both during normal business hours as well as after hours on overtime basis. And when you actually look at the number of hours per resource in a control room, as the number of qualified operators increases, the number of overtime per resource will actually decline, but because we have a larger pool of resources in the control room the total hours of overtime will be higher.

T. HOBBINS: Okay. Could we get an undertaking to provide forecast system control overtime hours in a format that would show the number of overtime hours per qualified operator for 2025 actual and for 2026 and 2027 forecast? And, if possible, could that table split it by role between qualified operator, apprentice, and other?

S. SADEGHI: So we could take an undertaking to provide the actual number of overtime hours in 2025 for the qualified operators, apprentices and some of the other auxiliary functions, and the forecasted amount for 2026.

T. HOBBINS: And 2027, as well, if possible.

S. SADEGHI: And 2027.

T. HOBBINS: Yeah.

S. SADEGHI: Yes, we could.

T. HOBBINS: Okay. That will be J-1.7.

UNDERTAKING J-1.7: Elexicon to provide actual number of overtime hours in 2025 for the qualified operators, apprentices and some of the other auxiliary functions and forecasted amount for 2026 and 2027

T. HOBBINS: And then just briefly before we conclude, Elexicon provided a response in discussing the system controls centre and mentions the addition of supervisors. Could you provide some explanation as to what new supervisory work that added supervisor role performed?

S. SADEGHI: If I may, I would like to take you to Exhibit 10, Tab 2, Schedule 1, page 11, line 7. Page 11, line 7. Thank you. As stated in the evidence, the supervisors will provide oversight of the technical projects and they provide administrative management and shift coverage. Currently we only have two supervisors, which this allows us to ensure we have supervisory coverage across all shifts. Additionally, during high-volume events if we have, let's say, one supervisor on vacation that individual for events that span multiple days will be unavailable to provide coverage during multiple shifts. A lot of activity takes

place during high-volume events during nighttime, and it is important for us to ensure that our control room has supervisory coverage during nighttime, during those high-volume events.

So the current supervisory complement of only two is insufficient from a supervisory coverage perspective, as well as ensuring the apprentices that we are bringing in are being supported to ensure that they progress to graduate as qualified operators.

T. HOBBINS: My recollection is that your apprentices are decreasing. Would you say that apprentices require more supervision than qualified operators?

S. SADEGHI: It is true that the number of apprentices from 2027 to 2031 will be decreasing. That's also dependent on our ability to, obviously, hire qualified operators in 2027. But regardless of whether we have apprentices or operators, these individuals will require supervision and the supervisor will provides supervisory coverage to both operators as well as apprentices.

T. HOBBINS: Okay, thank you. That concludes OEB Staff's questioning.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr. Hobbins. I think we have a few questions from the panel. Commissioner Dodds?

QUESTIONS BY THE HEARING PANEL

COMMISSIONER DODDS: Yes, thank you. In your

testimony to justify the significant increase in OM&A, you do cite from time to time reliability and concerns about poor service. What is in the evidence to support that assertion? Like, has there been a significant rise in the frequency and duration of events or other things that would qualify as indicative of poor service?

S. SHEEHY: Yes. Sorry, I am just pulling up the reference here, but the answer is yes. What I would like to do is take us to 2B-SEC-41. Within this IR response we've provided our updated 2025 actuals for reliability. If we could go to page 3. Excluding major event days and loss of supply, two of the biggest drivers are deteriorating reliability performance or defective equipment, which is cost code Number 5, and tree contacts which is cost code Number 3.

COMMISSIONER DODDS: Yes, that's true. And you did address that. But what has been the impact on the actual SAIDI and SAIFI numbers, the frequency and duration numbers? Has there been a significant increase that justifies that, in your evidence?

S. SHEEHY: Just so I am clear, you are looking to see the effect on the SAIDI/SAIFI within these numbers --

COMMISSIONER DODDS: Yes, you are saying there is concerns about reliability and poor service. I am looking for figures that support that. So, yes, this

high increase in OM&A is justified based on these numbers?

S. SHEEHY: If I could give you some additional context. In 2026, we see continued deterioration of reliability. So if through September of this year, SAIDI we have seen a 3 percent year over year deterioration in SAIDI. And SAIFI, we have seen a 4 percent year over year deterioration in SAIFI. And both of those are, again, defective equipment and tree contacts are two of the top outages.

COMMISSIONER DODDS: I understand the normal reasons why, but those aren't significant. I mean, you do expect that will happen over a period of time. I am just wondering why -- how you can justify a high increase in OM&A on the basis of reliability and poor service when the numbers don't support it, at least maybe to that degree. In your mind is 3 percent year over year high? I would expect something higher would be of concern to me, but not -- I think because you are going to get natural deterioration anyway in any system.

S. SHEEHY: I would like to show us a graph, just to show us the magnitude of what we are looking at. If we could go to 4.1-PWU-13. If we could go to page 2, this is SAIDI graph. The SAIFI graph follows this. Yes, I would characterize this trend as significant for us. You see the year over year trend that we have been seeing in SAIDI increase. And,

again, we finished at 2.01 in 2025, and through September we are on track to perform slightly worse than that for September year over year results. So this is a significant trend and the need for the OM&A is to help turn the defective equipment and tree contacts amongst the other cost performance around.

COMMISSIONER DODDS: That's very good. That is what I am looking for. I am not looking for the causes, because I am quite aware of what the causes usually are. But I need some justification for saying, yes, there is an increase in SAIDI and SAIFI numbers and that justifies the expenditure.

I have other questions. On your capital spending you mention you are going to have so many FTEs per million dollars or whatever unit you want to use for construction. And is your plan that once these construction jobs are finished those people that are involved in management and the contracts and so on for construction will move on to other functions? I thought I picked that up in your --

S. VETSIS: Maybe there is a bit of a nuance there. So the metric that Mr. Frost-Hunt showed was an FTE value per total dollar of CAPEX.

COMMISSIONER DODDS: Right.

S. VETSIS: Right? And what we talked about was how as an organization we are doubling the throughput of the amount of capital that we are able to deliver with the staff complement that we have in Elexicon.

COMMISSIONER DODDS: Right.

S. VETSIS: Some of that means leveraging external contractors more, to deliver work. But what we do is build functions within the organization to oversee that work. So not just issue the contracts, monitor performance; that's what we talk about with respect to vendor management. So it's not that the FTEs themselves are specifically constructing things. It's that they are managing the execution of the overall plan.

COMMISSIONER DODDS: So once that construction is finished, what roles do they move on to? Just general management? See, construction has a life. And once the construction is completed, what is the role for those people?

S. SADEGHI: To answer your question, our capital needs across Elexicon, we foresee that to be well passed 2031. We don't see this as an investment that is going to come to an end by the end of 2031.

Also to put this in perspective, in this entire period of 2027 to 2031 we are only looking to hire four power line technicians despite the fact that our capital program is going to be growing at approximately 80 percent above the historical period.

If there is any reduction to the workforce because of the work that needs to get executed, that will be through the contractors. So what we are doing as Mr. Vetsis alluded to this is we are setting

up the functions necessary for us to be able to oversee and ensure that there is governance over the work that's being delivered by our third-party contractors. And the volume of the work will fluctuate based on the amount of work that gets contracted out. But the need for the function for us to oversee the contract will not change.

COMMISSIONER DODDS: Okay. Thank you very much.

Now a question on that. So when you do these projects, you have outside consultants design and outside contractors bid on the work. What processes do you use for that? Do you consider things like typical design-build, design, bid and build? Or do you look at construction management at a risk, or early contractor involvement, because they all end up in different types of prices and certainty. Do you employ that into your procurement?

S. SADEGHI: I will try to provide some high-level answers to this, but Mr. Walker in panel 2 can speak more specifically about the procurement process.

So we do use competitive bidding to establish master service agreements with various contractors for, let's say, design work, overhead work, underground work, et cetera. And we use third-party contractors to help us with the overflow of work for both design as well as electrical work and civil work.

COMMISSIONER DODDS: But see my point is though, what you are describing is the typical design-bid-build process. There are better processes out there; they are well known in utilities around North America. Construction management risk is one where the contractor gets involved in the early design. The contractor makes something out of it, as well as the engineer. There are better systems out there. I am just wondering if you employ them, because it does quite often end in lower cost and more importantly, ends in certainty of delivery of the project which, as you know, is a key thing. When projects get delayed, there's other costs besides just the price.

But at this stage you don't employ those different methods of procurement as far as you know?

S. SADEGHI: What we spoke about in terms of standing up and creating those functions for overseeing the work of the contractor would do exactly that. That will give us the maturity and the sophistication to look at various options in terms of design-bid-build and other delivery options.

COMMISSIONER DODDS: I understand that your panel tomorrow will be more suited to answer that question because it is a procurement function. Is that what you are saying?

S. SADEGHI: Mr. Walker can speak more specifically about the procurement function, but I think maybe just trying to elaborate a little bit

more.

COMMISSIONER DODDS: Because these aren't unusual. Hydro One uses early contractor involvement; that works really quite well. As I said, these are processes out there that are used by many utilities around North America. And I am always surprised at how often it is not used. Just a comment.

And other things, too: You mentioned you don't have ROE projections. Now this application, I am sure the submission of the application is with the knowledge of your board that you are -- that they would have approved not the application, but actually the submission of an application. Is that not right?

S. VETSIS: They have approved the submission of the application. That's correct.

COMMISSIONER DODDS: I find it surprising that your board wouldn't want to know what the anticipated ROE is. I am surprised you don't have a projection of the ROE because, if I was on the board, I would be asking you that.

S. VETSIS: My recollection of the discussion with Mr. Li was with respect to the outcomes, post-settlement. Of course, as we look post-settlement, we still have some areas of uncertainty with respect to the level of funding that we will have as an organization, the funding approvals, et cetera, which is kind of a key driver of predicting cash flows and

ROEs.

So yes, at the time of preparation of the filing of the application, there was a forecast performed. But that was under a condition and a set of circumstances that has now altered due to both the settlement and the ongoing --

COMMISSIONER DODDS: But that's always the case. It's always going to alter upon the results of a rate hearing as you are going through now, and actual construction and so on.

So you don't have a projection of the ROE then, based on what you have submitted here in your application that you can share with the Board?

S. VETSIS: We can take away as an undertaking to see what it is that we have. Obviously what I cannot give to you is what the outcome would be with the decision that you will make ultimately --

COMMISSIONER DODDS: No, no. But if I was on the board, I would be asking you that: "What's going to be the ROE? You are investing a lot of capital." If there's something you can provide that's -- you can put the limitations on, if you wish.

S. VETSIS: Yeah, sure. Again, if you are looking for the forecast that was prepared at the time of filing, that's something that we can undertake to provide with the appropriate caveats as well as just --

COMMISSIONER DODDS: With the appropriate

caveats, I understand that.

S. VETSIS: -- you know, under confidentiality, et cetera. Yeah, happy to provide it.

COMMISSIONER DODDS: That is an undertaking, I think.

T. HOBBINS: Yes. That will be undertaking J-1.8.

UNDERTAKING J-1.7: Elexicon to produce forecast that was prepared at the time of filing

COMMISSIONER DODDS: Just questions on your control centre here, and you talk about hiring dispatchers and so on and how difficult it is.

What are your contingencies if you can't hire dispatchers as you wish, because you say you are having trouble now finding dispatchers, at least qualified, because of the competition. What is your contingency for that?

S. SADEGHI: Our contingency is the current practice that is taking place right now, where the operators are the ones that are making that phone call. And we also have contract qualified operators that are supporting us.

That being said, I will again use this as an opportunity to highlight the fact that we are down to one senior qualified operator versus an operational need of 15. This is a very critical time for us at Elexicon.

COMMISSIONER DODDS: I do understand that.

Okay, thank you.

Now just a question, though. This is more of an operational question. When you have an outage, typically what you do is you send out a troubleman. We call them troublemen who will go out and assess the outage and then will radio back in saying this the is the type of equipment you need to dispatch.

Do you have that process? Does your dispatcher actually go out to the outage? Or does another person go out and act as troubleman? How do you handle that?

S. SADEGHI: So, no, the dispatcher does not go out to assess the damage. Our trouble truck will roll in and will assess the extent of the damage. And if they require additional resources --

COMMISSIONER DODDS: So you do have that process, then.

S. SADEGHI: Yes.

COMMISSIONER DODDS: That there is a trouble person -- we call them a troubleman but, okay, who goes out.

S. SADEGHI: Yes.

COMMISSIONER DODDS: Now when the troubleman or trouble person goes out and sees what the outage is, what's causing it, he probably has -- he or she has a good idea of the time and type of equipment and so on.

Is there some protocol for informing the

affected area? Like, something that goes along really well is if you phone the mayor and council in the jurisdiction that's being affected. You say you have major outages, sometimes your call centre gets flooded and nobody gets through and everybody gets annoyed. And you find that if you phone the mayor and the council, they get the calls. They really don't care about how long it is and so on. All they care about is if they have an answer.

I don't know if you follow that process or not, but I am just suggesting you should --

S. VETSIS: We do actually.

COMMISSIONER DODDS: -- because it is one of the things for customer relations.

S. VETSIS: I can say since my time joining Elexicon, reengaging with our municipalities has been a critical element of the rebuild of our stakeholder relations program. And so --

COMMISSIONER DODDS: You have to get down to specifics though, because --

S. VETSIS: And so I will give you some specifics for sure. We have established relationships with staff at the municipalities, both at the mayoral, CAO, communication staff levels, as well as at the planning execution levels with Sam's teams.

When we have major outages, we keep in communications directly with those individuals with

respect to what's going on, estimated times of restoration. And they are actually a very helpful resource to help communicate within the community where it's occurring.

Another thing we do now at Elexicon since the time I have joined is we create micro-sites for specific outages. So for example in Gravenhurst, when we had like one of the biggest ice storms in decades, we created a micro-site which was continuously upgraded with progress that's occurring with that specific outage over time, so customers can see a little more granular detail with respect to outages.

So yeah, that relationship with our municipalities in the communities that we serve has been a really critical area for Elexicon and will continue to be a critical area of focus for us as we go forward.

COMMISSIONER DODDS: Thank you very much. I have just one more question which is an obvious answer. I ask it for a reason.

If you did a customer survey now and had one question, the question is what would you prefer, a 9.8 percent rate increase? Or business as usual, service as usual? I guess the obvious answer is they would say service as usual. So you are going to have to have good justification for a rate increase.

S. VETSIS: I think the reality is if we -- to

get actionable insights from our customers, we really need to arm them with appropriate context. Right?

COMMISSIONER DODDS: Yeah.

S. VETSIS: So that's a big part of what it is that we do through our customer engagement exercises.

And so, you know, one of the things we saw through customer engagement was that it's not -- there are three priorities that customers have. There is this reliability, you know, restoration of service, as well as the, you know, affordability of service. And those -- you know, those factors, it's not one or the other. It's about ensuring that you are delivering on all of them.

And so, you know, I recognize -- when we look at the application today, we did a customer engagement. We provided our customers with a table which articulated the cost of our rates; the subtotal A that we have been talking about. And at the time the value that we showed to them was $64 we had estimated by 2031. The application right now is actually lower than that value, when we went to customers earlier for that engagement.

I would say, as well, you know, we have really seen -- and maybe Ms. Romano could provide some context as well -- the trend that you actually see on the screen of reliability, it's -- we are really starting to see the frustrations there from customers with the level of service that they are experiencing.

And, you know, we're -- this level of performance is not something that Elexicon is happy with or, you know, is -- wants to continue.

And, you know, I think through the focus groups, when we did customer engagement, some of things we are hearing from people is from businesses for example. We would hear the cost of one outage is more to me from a business perspective than the entirety of the rate increases that you are showing to me in this impact.

And so maybe, Kriston, if you could just give a little more context in terms of the things that you are hearing from a frustration perspective?

K. ROMANO: We are definitely hearing more often and louder from customers that they are growing impatient with the number of outages that that they are experiencing. That's from a reliability perspective. But they are also looking to us to offer more services and many of those are the services that we have outlined that will be delivered through our new systems, specifically to the customer area. So they are looking for the proactive notices from us in the form of texts, they are looking for more frequent and accurate update information, and they are just looking for us to be able to advise them and support them through the outage process.

So on the one hand they are getting impatient with the volume of outages that they are

experiencing, and then they are expecting more from us with respect to the level of support to help them manage through that outage process.

COMMISSIONER DODDS: Okay, thank you. Those are my questions.

S. VETSIS: Okay.

COMMISSIONER DODDS: I don't have any questions.

COMMISSIONER JANIGAN: Neither do I, though. I don't have any questions.

PRESIDING COMMISSIONER SIDLOFSKY: And I just have a couple. Maybe the first one is just to follow-up on Mr. Dodd's last question then. The issue about customer concerns and complaints, does that cross all your customer classes or is it -- are you seeing more from particular classes? I am not sure if that's a question for Mr. Vetsis, or --

K. ROMANO: We are definitely hearing this feedback consistently from the residential community, from low volume or the small business, but as well as our larger customers with respect to flickers and momentary outages. So, yes, I would say it's across the board.

S. VETSIS: I would note maybe one other item, Mr. Sidlofsky, is that one other area where we also see customer frustration is with respect to the capacity constraints that exist within our systems, particularly with larger customer who are looking to expand their facilities. And so, obviously, with the

plan we have -- we have a detailed plan in place to make investments in our communities, but that is an area of frustration that exists today.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, thank you. I just have a couple questions about control centre issues. So this would be you, Mr. Sadeghi. And there's been a fair bit of talk about Table 6 in the round 2 response to 10-CCC-71. I am a little more interested in Table 4, so that would be page 24 of the round 2 responses to CCC IRs. Thanks, Mr. Mazzei.

First of all, Mr. Sadeghi, when you were speaking with Commissioner Dodds you had said that you are down to one senior qualified operator versus your operational need of 15; correct?

S. SADEGHI: That is correct. Just to add a bit of a context, it is the operational need of 15 qualified operators. A senior qualified operator can also perform the function of an operator as well.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. So the column I should be looking at, or should be thinking about, is the qualified operator column; right? That's where you need the 15?

S. SADEGHI: That is correct. That is the one that keeps me up at night.

PRESIDING COMMISSIONER SIDLOFSKY: And that's where you eventually get to the 15 by 2031?

S. SADEGHI: Yes, sir, that's our plan.

PRESIDING COMMISSIONER SIDLOFSKY: So how did the senior system operators fit with that? You need 15 qualified operators, senior system operators are qualified operators in their own right. Do you need 15 or do you need 17?

S. SADEGHI: So we need two senior qualified operators and 15 qualified operators as stated in Table 3 of Exhibit 10, Tab 2, Schedule 1.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. So currently you're showing two in 2026, two qualified operators, but in reality you're at one at this point; right?

S. SADEGHI: The plan for us is to have two qualified operators in 2026. In reality we are actually at zero because we actually have only one senior qualified operator who is performing the role of a qualified operator, given the conditions that we are in.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. And to get by you're supplementing with contract qualified operators? That's actually why I am looking at Table 4 because I can see the resources you are planning -- the external resources that you are planning.

S. SADEGHI: Yes, sir. So we use the contract qualified operators, and I think it's important let me talk about contract qualified operators, to consider the context of these are retired individuals that have limited availability and they could be

unavailable in a short notice.

PRESIDING COMMISSIONER SIDLOFSKY: So is that -- when I see the 6 in the column there is that 6 FTEs or is that 6 individuals who happen to be filling in when they can?

S. SADEGHI: These are six positions. They are not FTEs.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

S. SADEGHI: They -- the majority of the qualified operators don't work full-time hours.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

S. SADEGHI: So, for example, many of the contract -- I should say contract qualified operators, they have limited availability during nighttime, weekends, especially in summertime, given these are individuals that have already retired.

PRESIDING COMMISSIONER SIDLOFSKY: So when I try to get a sense of where you currently stand and where you're planning to be, you're planning for two qualified operators in 2026. You have also got -- and I will leave the senior system operators out. So you're planning for two qualified operators in 2026 and you're supplementing that with six qualified operator positions. So that would be a total of eight.

For 2027, just again looking at those two columns you're planning for five, you're supplementing with six, that takes me to 11. Eleven

in 2028, 11 in 2029, 14 in 2030, and 16 in 2031. Now, I can see, or at least I think I can see, that you're moving your apprentices into the qualified operator positions, which I guess is good for your apprentices and good for recruiting apprentices as well, because there's some hope for permanent employment there.

But can you explain why the numbers are increasing so much over the five years? Or maybe you're going to tell me it's not really that much of an increase, but why are you moving from 8 qualified operators in 2026 to 14 in 2031? And, sorry, just to be clear, those numbers don't match up with the qualified operator column. I am using the qualified operator numbers and the contracted positions as well.

S. SADEGHI: It's important to look at this table when it comes to qualified operators that are contractors as positions. These are not FTEs as I stated earlier; right? So, for example, having six qualified operators is not the same as having six FTEs; right? And we are also, as we are seeing the reduction in number of qualified operators, that also means that the number of hours that will be required from them will be limited. So I would not suggest adding just the positions, it's really around the number of hours that were required to fill the shifts to be able to serve our customers and our

communities.

PRESIDING COMMISSIONER SIDLOFSKY: So if I leave out the contract column and I look strictly at your qualified operator -- at the qualified operator column, I understand that you want to get to 15 by 2031, but that's an over seven-fold increase from what you have now. And I can appreciate your comments about how you have challenges right now with the staffing that you have. Can you explain why it's so necessary to get to 15 in five years?

S. SADEGHI: To put some perspective, just from mathematics perspective, to have 24/7 coverage 365 days a year for two operators per shift, mathematically we need 11 operators. So that's just assuming that there is not a single person on vacation, on training, sick, et cetera. You would need 11 just to have that coverage. That is the baseline, that is the bare minimum just from a math perspective.

Then when you layer on vacation, training, as well as the fact that we will deal with high volume events, the operational requirement is very much at 15 right now. And the very fact that we are operating with such a lean complement is a very difficult situation for us here at Elexicon. It is causing an excessive amount of overtime and is creating retention risk for us. That is why we had to respond with a staffing plan to make sure that we

stabilize our control room and put together a pathway to get us to the operational need for us to be able to provide safe, reliable electricity, and also to be able to respond to high volume events.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, thanks for that. Just a somewhat related question, in some cost of service applications you will see some overlap. I guess in a sense it's like the overlap that Mr. Frost-Hunt was talking about with the Dx NEXT project, where you still have to maintain those legacy systems. But in this case it's more a matter of the utility needing to hire more people because they are facing demographic challenges, people are changing out of the positions, for example, positions of line maintainers and that sort of thing. Is that the case here or you are simply trying to staff up because you need the people? And, sorry, just before you answer, it's -- the question is really are you -- is there any duplication of control room staff here or you're simply trying to reach the complement that you need to operate efficiently or reliably?

S. SADEGHI: Sir, we are far from duplication at this point. We are talking about staffing up and ensuring that we have qualified operators available just to fill the shifts. The criticality of the situation we have in the control room I cannot, you know, understate that. There is no duplication. This is just a matter of us ensuring that we have

sufficient operators to staff the shifts so that we are able to sustain our operations.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr. Sadeghi. Those are my questions. I think that completes things for the panel.

So unless there is any redirect, Ms. Coban?

D. COBAN: I am pleased to say there isn't.

PRESIDING COMMISSIONER SIDLOFSKY: I, too, am pleased. Thank you. And we will conclude for the day, just a little bit early and we will see you at 9:30 tomorrow. And, Ms. Coban, if you can let us know tomorrow morning if your second panel is able to stay a bit later if needed?

D. COBAN: Yes, of course. Thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you.

--- Whereupon the hearing adjourned at 4:48 p.m., to resume Tuesday, November 10, 2026, at 9:30 a.m.