# ONTARIO ENERGY BOARD

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

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| **VOLUME:** | **2** | |
| **DATE:** | **November 10, 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 Tuesday, November 10, 2026, commencing at 9:28 a.m.

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VOLUME 2

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| ROBERT DODDS | Commissioner |
| Michael Janigan | Commissioner |
| TOBIAS HOBBINS<br>VITHOOSHAN GANESANATHAN<br>ALEXANDER DEL ILIO<br>TIARA FEARON | Ontario Energy Board |
| DALIANA COBAN<br>MEGHAN HOLLOWAY | Outside Counsel for Elexicon Energy Inc. |
| ERIN STEVENS<br>JEFF MEZZEI | Elexicon Energy Inc. |
| TOM LADANYI | Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) & Energy Probe |
| MARK GARNER<br>BILL HARPER | Vulnerable Energy VECC |
| MIKE MCLEOD | Quinte Manufacturers Association |
| MARK RUBENSTEIN | School Energy Coalition (SEC) |
| CLEMENT LI | Building Owners and Managers Association (BOMA) & Pollution Probe |
| LAWRIE GLUCK | Consumers Council of Canada (CCC) |
| JONATHAN MCGILLIVRAY<br>MATTHEW SMITH | Distributed Resource Coalition (DRC) |
| HAILEY BRUCKNER | Power Workers' Union (PWU) |

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Tuesday, November 10, 2026

--- Upon resuming at 9:28 a.m.

PRESIDING COMMISSIONER SIDLOFSKY: Good morning and welcome back. Welcome to Day 2 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 1, 2027 through December 31, 2031. The application has been assigned OEB File No. EB-2025-0312.

Once again, my name is Commissioner Sidlofsky. I am the presiding commissioner on this file. And I am accompanied by Commissioners Robert Dodds on my left and Michael Janigan on my right.

**PRELIMINARY MATTERS**

PRESIDING COMMISSIONER SIDLOFSKY: As an update on timing, it now appears that we should be complete, assuming people keep roughly to their time estimates, by just after 5:00 today. But, Ms. Coban, I had asked you yesterday if the witnesses are prepared to sit a bit later to finish today.

D. COBAN: Yes, absolutely.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thank you. Let's get on with it then. We are moving on to witness Panel 2 today. Are there any preliminary matters before I ask you to introduce them, Ms. Coban?

D. COBAN: No, there aren't.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. So perhaps I could ask you to just introduce your witness panel. Commissioner Dodds will swear them in and then we will open it up to you for direct exam.

D. COBAN: Thank you. So we are here with Panel 2 today to talk about the areas of responsibility that were set out in a letter that was filed in this proceeding.

PRESIDING COMMISSIONER SIDLOFSKY: Ms. Coban, do you want to try the original one maybe? See if that one works.

D. COBAN: Let's give that a try. Testing. Is that better? Okay, thank you.

So good morning. We are here with Panel 2 today, who is going to be speaking to areas of responsibility that were set out in Elexicon's letter that was filed in advance of this oral hearing taking place. I am not going to cover all of those in this opening, but certainly as you hear from the witnesses you will get a sense of their areas of expertise on this panel. So, Commissioner Dodds, if we could get the witnesses sworn in and then I will do my direct examination?

PRESIDING COMMISSIONER SIDLOFSKY: And just not to interrupt, Commissioner Dodds, but I will: Mr. Vetsis, you are still under oath.

S. VETSIS: That is my understanding.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you.

COMMISSIONER DODDS: Thank you, Commissioner Sidlofsky. I was going to mention that you are still under oath. Zubair Islam and Brad Walker, you are about to give evidence in this hearing. This panel is dependent on you telling us the truth and the law requires you to do so. Therefore, before you 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. Islam?

Z. ISLAM: Yes, I do.

COMMISSIONER DODDS: Mr. Walker?

B. WALKER: Yes, I do.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you. And do you understand that breaking that promise would be on offense under our law? Mr. Islam?

Z. ISLAM: Yes.

COMMISSIONER DODDS: Mr. Walker?

B. WALKER: Yes.

**AFFIRMED: ZUBAIR ISLAM**

**AFFIRMED: BRAD WALKER**

**PREVIOUSLY AFFIRMED: STEPHEN VETSIS**

COMMISSIONER DODDS: Thank you.

D. COBAN: Thank you, Commissioner Dodds. So starting with you, Mr. Islam, could you please let us know what is your current position at Elexicon and just provide us a brief description of your professional background?

Z. ISLAM: Good morning, panel. Zubair Islam,

director of financial planning and analysis. I have been with Elexicon for about four years. In terms of my background, I am a chartered accountant. I qualified for my experience with PWC. Prior to joining Elexicon, I was with Toronto Hydro for about 8 years in various positions.

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

Z. ISLAM: Yes, I do.

D. COBAN: Thank you. Mr. Vetsis, I will skip over you as we heard from you yesterday. And, Mr. Walker, please state your position at Elexicon and provide us a brief description of your professional background?

B. WALKER: Good morning. I am Brad Walker, vice president of people and culture and the corporate services at Elexicon. I have been at Elexicon just over 7 years and prior to that spent time at both OPG and Hydro One.

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

B. WALKER: I do.

D. COBAN: Thank you. Those are my questions. The panel is available for cross-examination.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Ms. Coban. And we are moving right on to SEC. Mr.

Rubenstein?

**CROSS-EXAMINATION BY M. RUBENSTEIN**

M. RUBENSTEIN: Good morning, panel. I have a compendium prepared for this panel titled SEC Compendium, Volume 2. I am wondering if we can mark that as an exhibit, please?

T. HOBBINS: That will be Exhibit K-2.1.

**EXHIBIT K-2.1: School Energy Coalition Compendium, Volume 2**

M. RUBENSTEIN: Panel, I want to start by discussing your hiring plans for the company. And maybe the best place to start is page 10 of the compendium, this from your Exhibit 4 evidence. If we can scroll down, and if we -- and just to orient ourselves, this is -- your discussed -- this is in the section discussing an overview of your hiring plans and your work workforce. And on line 5 it says:

> "As Elexicon prepares to enter its next rate period, Staffing levels are forecasted to grow by less than 16 percent over the 2026 through 2031 period. In part to manage cost increases during the period Elexicon has paced out its hiring plan."

Do you see that?

S. VETSIS: Yes.

M. RUBENSTEIN: And if we can just look at the previous page, go to page 24. If we just look at

table 10 there, this was Elexicon's forecast FTE levels from 2026 and 2031 at the time of the applicant filing; do I have that right?

S. VETSIS: I believe so.

M. RUBENSTEIN: And what it shows is in 2026 341 FTEs, in 2027 363 FTEs and by 2031 395 FTEs; do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And maybe we can now go to page 2 of the compendium. And table 1, this was in response to a technical conference, as I understand, that provides the latest forecast of FTEs and as well as positions going back from 2020 through to 2031; do I have that correct?

B. WALKER: That is correct.

M. RUBENSTEIN: And what we see with respect to the FTEs is that they have increased. In 2026 you are now forecasting 351, that's compared to the 341 whether you filed. In the test year 2027 you now have 378 versus the 363 at the time of filing. And by 2031 you are forecasting 412 FTEs, as compared to the 395 that was at the time of filing; do I have that correct?

B. WALKER: That is correct.

M. RUBENSTEIN: And I believe part -- we talked about this yesterday, a lot of that is just the control centre hiring plan that was included after the filing; do I have that right? That is a big

driver of that?

B. WALKER: That is correct. The control room increase, yes.

M. RUBENSTEIN: Okay. So let's look at this table as the latest forecast. And what I see for 2027, the test year, the company is forecasting 378 FTEs and 393 positions; do I have that right?

B. WALKER: That is correct.

M. RUBENSTEIN: And in 2025 the company had 320 FTEs and 333 positions; do I have that right?

B. WALKER: Yes, in 2025, 333 positions, 320 FTEs.

M. RUBENSTEIN: And so now we get to 2026 and, as I read it, the head count increases by 37 positions and FTEs by 31; do I have that right? 2026 over 2025; does that sound right?

B. WALKER: Yeah, that would be correct.

M. RUBENSTEIN: And then in 2027 the head count goes up another 23 positions in the FTE -- sorry, I may have that backwards. No, and the FTEs go up by 27; do I have that right? 23 more positions, 27 more FTEs in 2027?

B. WALKER: I would agree with that math, yeah.

M. RUBENSTEIN: And so by the test year, as compared to 2025, Elexicon -- where are you? Elexicon has 58 more FTEs and that is an increase of about 18 percent in two years; do I have that right? Sounds about right to you?

B. WALKER: That sounds about right, correct.

M. RUBENSTEIN: And the number of positions in 2027 compared to 2025 is increase of 60, and that is also about 18 percent?

B. WALKER: That seems right, yeah.

M. RUBENSTEIN: And so, then if we go forward into the plan, and we are looking at positions first we will start with positions -- we will start with FTEs. In 2028 you are adding 17 more in 2029 13 more, 4 in 2030 and none in 2031; do I have that right?

B. WALKER: That is correct. Over that period of time, it is the hiring flattens out, yeah.

M. RUBENSTEIN: So I read 34 new FTEs in those four years?

B. WALKER: Sorry, can we just -- those are from an FTE perspective between what years? Sorry.

M. RUBENSTEIN: I was just looking. I was just adding up those four years, the new positions in '28, '29, '30 and '31. And I get 34. So for those four years, you are adding 34 positions -- - sorry, 34 FTEs?

S. VETSIS: Yes. Mathematically, that is correct. I would note as well that as we talked about over that period, too, I think in -- we are going from a level of capital investment of roughly $77 million in '26, to 100 million, over 100 million in 2027, which is an almost 37 percent increase. By

the end of the term the annual capital expenditures increase to 158 million. Which --

M. RUBENSTEIN: I am just trying to get the numbers. We can talk about what it means, but I just want to make sure I have the numbers right at this point. So we are agreeing on the 34 new FTEs over the four years. And my understanding it is the same thing for positions as well, you are adding 34 positions over those years; correct? Too.

B. WALKER: Yes, that would be correct.

M. RUBENSTEIN: Okay. So that means in -- help me make sure I understand this. For FTEs you are adding 58 FTEs over the first two years there and then 34 over the last four years. And then for positions you are adding 60 new positions in '26 and '27, the first two years, and then again 34 over those four years; do you see that? I have that right?

B. WALKER: That seems correct. And I would just point out, just careful when we are looking at the positions -- because depending on the year the frequency might change.

M. RUBENSTEIN: But it does show in both cases, FTEs or positions, you are front loading the hiring; correct?

S. VETSIS: Correct, Mr. Rubenstein. As we discussed yesterday at our exchange, you know, Elexicon is increasing its levels of investment by

orders of magnitude. In order to execute on a work program of that magnitude, we need to front load certain investments in the workforce so that we have the foundational capabilities in place to deliver the program as it grows. And we gave some examples yesterday, for example, of vendor management, enhanced project oversight which, again, are all areas of governance, execution oversight, which need to be in place early in the term to ensure that we can execute over the entirety of the rate period.

M. RUBENSTEIN: Can we go back to page 10? We can scroll down back to line 5 or line 6, where you say:

> "In part to manage cost increases during the period Elexicon has paced out is hiring plan."

Can you explain to me, based on the numbers we just looked at where you are front-loading the hiring, how you then can also say you are pacing out its hiring plan? It seems those things don't equal each other.

S. VETSIS: Could we go to Exhibit 1, Tab 5, Schedule 1, page 2? Scroll down, Jeff, if you can. There is a bulleted list. And so this section of the evidence, it talks about the deferrals Elexicon made regarding certain OM&A expenditures when it was building its plan. At the time this was built for reasons of rate mitigation, and so what you see here in line 18 is that, you know, Elexicon developed --

we started with our needs-based plan through an iterative process, we worked our way down to the balanced plan. We had built a plan and the positions we believed we needed in 2017 -- in 2027 were higher than what's in the application here today. Through our planning, we have accepted additional risk by shifting the 16 positions that are shown here that we initially required for '27 out to 2028 and 2029. And that was done to reduce the rate impact and it pushes out about $1.7 million in FTE, and that is how -- that is why -- that is how we talked about the spreading out of the workforce plan.

M. RUBENSTEIN: So when you say you are pacing the plan under -- what you meant was we are going to have even more people in '26, '27 and now we have added -- we pushed some of those positions out?

S. VETSIS: If we planned just for need we would have a higher FTE count. We pushed some of these positions out, recognizing that Elexicon will have to take some near term risk to manage within a tighter funding envelope than what we believed we required when we built our plan.

M. RUBENSTEIN: And so, in your view, you need 18 percent more employees in two years?

S. VETSIS: Again, as we discussed, we are over the course of this term by 2031 will be delivering more than double the level of capital of what is occurring today. That is a degree of exponential

scaling that requires significant investment in order to be able to deliver. As we talked about, you need to get some investments in place early. And so we had early investments in terms of planning and load forecasting to ensure we had the outlook of our system needs. In the next couple years, this year, '27, we are shifting to positions that are related to execution. The examples again: Vendor management, project management, project execution.

Again the delivery -- as an organization, we have to keep in mind the transition of where Elexicon is coming from. And we are coming from two smaller utilities that on a combined basis were delivering $30 million to $35 million a year. So they had certain capabilities that they did not have in place for the scale of what Elexicon is delivering.

And so that is what you see, this front-loading of investment is building those foundational capabilities within the organization.

M. RUBENSTEIN: Now when we were looking at page 2, the numbers showed by 2026, 370 positions for November 10, now.

How many positions has the company filled?

B. WALKER: At September 30th, we are sitting at our 351 FTEs, which represents roughly 370 positions. And through the end of the year we will -- we have looked at advancing some positions that are critical to head into '27, to have in place. And that would

put us roughly about 353 FTEs, by year end. So we are on track to hit our targets with hiring.

M. RUBENSTEIN: Now as I understand it, for budgeting purposes, you budget all positions to begin on January 1st. And then for the purposes in the application and the numbers, you reduce the overall compensation cost to reflect some vacancies.

Do I understand that is how it works?

Z. ISLAM: Yes, that would be correct.

M. RUBENSTEIN: And vacancies does not just exclude, you know, when you hire a new employee, FTEs or positions in the year, but also the normal turnover of staff that would happen with any organization. Correct? That is what that vacancy amount is supposed to reflect. Correct?

Z. ISLAM: Correct. The vacancy amount reflects any delay in hiring, as well as the normal turnover that would be expected.

M. RUBENSTEIN: If we can turn to page 51, Table 2? This shows the estimated vacancy rate that you are using in the plan. Do I have that correct? Two percent?

Z. ISLAM: Yes, correct.

M. RUBENSTEIN: And if we flip back to a page, this shows the historical vacancy rate, which is as high as 12.1 percent. In the later, more recent years, 2.6, 2.5 percent. Do I have that correct?

Z. ISLAM: That is correct. But just to provide

some context, specifically in fiscal year 2020 to 2022, Elexicon had just recently merged. So there were particular difficulties in fulfilling some of those positions, as we are also experiencing or going through the COVID pandemic.

However, that vacancy has stabilized since 2023 because of various factors and general improvements that we have made into our compensation policy, as well as strategies implemented in the people and culture side.

M. RUBENSTEIN: We asked you how you came up with these numbers, and you provided it in JT-3.7. So maybe we can go there, on page 52. It is a bit of a complex table, but as I understand for the historic vacancy, the calculation, what you have done here is you are not actually counting vacant positions. Correct?

What you are doing is you are looking at the difference between budgeted and actual labour costs. That is, you know, line C is looking at the difference between budgeted and actual labour costs. And then you are converting that into an FTE number by assuming every FTE takes about $100,000 every year. And then you are dividing that budget variance by the total number of FTEs. And then you are dividing that over the number of FTEs; do I have that correct?

The core here, it is a question of budgeted

labour versus actual. That is the most important number here in some sense. Correct?

Z. ISLAM: Yes, that is correct. The key number over here is shown in the third row, which is the budgeted labour cost versus the actual labour cost. From a financial perspective, that is your vacancy. And that is the typical, I guess, OM&A savings you would expect in any given year in relation to the vacant positions.

What I would like to point out is that our expectations of vacancy for the forecast years, specifically from 2026 to 2027, was based on fiscal year 2024. As you can note from this table, approximately $800,000 was realized in vacancy savings and we have --

M. RUBENSTEIN: You are jumping ahead. We are going to get to the forecast. I want to make sure we understand how you had done the historic calculations here. And I think you are agreeing with me the third line budget versus actual, total cost is really the core here.

And you would agree with me that the variance between budgeted labour cost and actual labour cost is made up of not just, you know, vacancies that occur during the year but anything that creates a difference between what you originally budget for labour and actual.

For example, if you hire someone at a lower or

higher pay step than you had budgeted, correct, that is something that will affect the budgeted versus actual labour costs?

Z. ISLAM: It can be the other way around as well. But yes, as it is captured.

M. RUBENSTEIN: If you pay someone more or less incentives in the year than you budgeted, that would also impact the budget versus actual variance. Correct?

Z. ISLAM: Yes. There would be some inherent assumptions included in that vacancy. Yes.

M. RUBENSTEIN: And so the point being, and correct me if I am wrong, what is capturing there in that number is more than just vacancies -- so positions where no one is in. Correct? It is capturing all variances in labour costs?

Z. ISLAM: In responding to this specific IR question, we have made the effort to normalize some of those variations, especially if there is increased amount of overtime or there were unbudgeted positions, we have taken out those cost factors because they are not reflected in the budget.

So to the extent possible, we have tried to make an apples-to-apples comparison.

M. RUBENSTEIN: Now if we go to page 53, it is just the next page here. This is the calculation of the vacancy rate that you are using in the plan. That is what is showing on Table 2. Correct? That

is the 2 percent?

Z. ISLAM: That is correct. But as I noted in the previous response, the important information in this table is the first row, which is the $800,000 assumption in relation to the vacancies.

M. RUBENSTEIN: We are going to get to that. We are going to walk through the table. I want to make sure that what the table is showing. It is how the two the 2 percent --

Z. ISLAM: The table is showing that the 800,000 converts to a 2 percent factor when using the same assumptions in terms of the G divided by H, which is the vacancy dollars divided by total compensation. Yes.

M. RUBENSTEIN: So can we scroll down to the bullet point where you explain '26 to '31. And what you say is:

> "Elexicon assumed that the 800K variance between budget versus actual labour based on the normalized 2024 budget will persist through the forecast period. This amount plus inflationary adjustments was compared each year to the total OM&A compensation costs in 2-K to determine the vacancy rate as shown in table 2." (as read)

Do you see that?

Z. ISLAM: Yes, I do.

M. RUBENSTEIN: I think this is what you were

trying to say here: Really what you have done is you have reduced the compensation costs by $800,000. And then you have created a vacancy rate that comes from that. The key being the 800,000. Correct?

Z. ISLAM: So $800,000 represents the actual vacancy we experienced in 2024. Yes, so that has been incorporated after adjusting for the inflation for each year of the forecast period.

M. RUBENSTEIN: So the 2 percent is not based on vacant positions at all. It just comes from the $800,000, which is a 2024 difference between actual and labour costs.

Do I have that right?

Z. ISLAM: It is based on the actual vacancy that the corporation experienced in 2024. I might also add we experienced the same level of vacancy in 2025. And if I take into account the current year to date, September trend, we are on track to be lower than that.

M. RUBENSTEIN: So just to be clear, where you said it represented the actual vacancy rate in 2024, that we just agreed to before, that the difference between actual versus labour includes more than just vacancies. It is essentially the difference between your forecast and actual labour costs, with some adjustments I think you mentioned.

Do I have that right?

S. VETSIS: That is correct, Mr. Rubenstein.

And so what that would reflect as well is that we have to think practically as to what occurs during the year. So if we, for example, have someone depart the organization, that departure leaves essentially a degree of work that is not being done. And so as an organization we have to find ways to manage that.

And so one of the tools/levers we can pull in some instances is it might mean additional overtime for the resources that exist to pick up the slack until we can hire an individual. And so that would justifiably be captured within there.

There are other times where we have to turn to external resources to fill the gap. That additional cost would not be captured in this value. So what you see here is from, you know, when we look at the exercise of what we are doing here in the OEB, we are trying to set rates based off of a reasonable envelope of funding.

From a labour perspective, what Mr. Islam and his team have done is they have forecast labour costs and removed the typical differentials that we see due to these variations. And then, as an entity, we will have to manage on an overall basis, be it through overtime to fill in the gaps for additional incremental resources which are costs that would not we captured in this table, to try and manage the workload and continue to deliver service to customers.

M. RUBENSTEIN: Let me just ask you this question: For the way that you have done the vacancy, which is based on a 2024 number, am I correct that the number of positions you are hiring each year has no impact on the rate that you are forecasting for the term? And not just the rate, but actually the dollars, the vacancy dollars you are putting in the budget, even more importantly.

S. VETSIS: Could we scroll up in the undertaking, here? A little bit further?

Again, Mr. Rubenstein, as you take a look here, you can see that over the historical period, budgeted labour costs have increased, the number of FTEs have increased as the workforce has grown. But the variance between the actual and budgeted labour costs has declined and stabilized. And this is a reflection of the investments that we have made from a people and cultural perspective which, maybe Mr. Walker can talk to, can give you some practical examples about how we found ways to reduce those gaps between the figures.

M. RUBENSTEIN: No. Well, how about you answer my question first? Sorry. I asked the vacancy rate and the amount of dollars that you are taking out of the budget is not tied to the hiring -- the number of positions you are hiring. Correct?

B. WALKER: So in answer to your question with specific -- you were asking about the vacancy rate

due to the hiring plan itself. I would say that is one factor, because it is obviously the timing of hiring those positions. But it is also our retention capabilities, as well. Right?

So these things pull on the increase or decrease in those labour costs. And the downward trajectory you are seeing, we have a multi-year hiring plan that allows me team to ensure that they are able to plan out ahead, get vacancies in place in a timely manner.

We have also improved our processes and other structures within Elexicon to reduce the retention -- the retention rates. So I would say it is multifaceted as vacancy rate.

M. RUBENSTEIN: Sorry. If you are using a 2024 number of 800,000, which is based on the budgeted versus actual labour costs in that year, am I correct that -- and that is how you are using to determine the vacancy rate and the vacancy amount that is built into the 2027 budget.

Am I correct that it is not tied to the number of positions you are hiring?

Z. ISLAM: Yes, that would be correct; it is not tied directly to the number of positions that we are hiring. However, it is tied to the actual experience in terms of the vacancy that we have seen in 2024, 2025, and I just added that current year to date, 2026, we are seeing a lower trend in the vacancy. So it is based on our actual experience.

M. RUBENSTEIN: All right. Can we turn to page 59. I want to ask you about compensation.

The company filed a report, a compensation market review report undertaken by Mercer Canada. Do I have that correct?

B. WALKER: That is correct.

M. RUBENSTEIN: And this benchmarking study of compensation costs -- and in your evidence I mentioned it also, back on evidence day. I take it that the purpose of the study and the results of the study in your view are to show that your compensation costs that are included in the budget, in the application, are reasonable? Do I have that right? It is the intent of why you filed this study.

S. VETSIS: I think we had an exchange at the technical conference regarding the purpose of the study. We provide an external benchmark on Elexicon's compensation, relative to market.

M. RUBENSTEIN: Well, do you disagree with my view that -- does the company not believe that this report -- is it your intent to show that this is to show that your compensation costs are reasonable? What should we draw from this report? Presumably that is what you want the Board to draw from it?

S. VETSIS: Again, it is an external report which compares our compensation to that of the market. Based on the methodology of the report the conclusion is that Elexicon is below market for its

compensation and that the degree that the compensation is below market increases the further up you go in the organization structure.

M. RUBENSTEIN: And if we can go to page 62, this is what you are -- this is the summary of the findings here, there is a table. And I believe what this study shows, on an aggregate basis, you are at 94 percent of the market median so 6 percent below; do I have that right?

B. WALKER: On an aggregate basis, that is correct. I would point out within Mercer's report that on an aggregate basis you look at plus 5 minus -- or 5 percent, sorry. And on an individual job level that out of market or in market would be defined by within 10 percent.

M. RUBENSTEIN: All right. And if we can go to page 60, this is how Mercer defines or summarizes what it was asked to do here:

> "Mercer Canada has been engaged on behalf of Elexicon Energy to conduct an independent review benchmarking assessment of market positioning of Elexicon's total direct compensation of base salary, short term incentives and long-term incentives for a representative sampling non-union jobs." (as read)

Do you see that?

B. WALKER: I do, yes.

M. RUBENSTEIN: All right. And if we can flip to the page, as I understand, the study includes two peer groups. We can go to the next page, page 61. There is the energy peer group and then the general industry peer group; do I have that correct?

B. WALKER: That is correct.

M. RUBENSTEIN: And then if we read underneath the general industry peer group, it says:

> "The energy peer group was primarily used for sector specific jobs that require skill sets predominantly seen within the entry industry. For non-sector specific jobs, given Elexicon's desire to source talent from industry specific knowledge for the majority of these jobs a blend of the peer group and the energy peer group was used." (as read)

Do you see that?

B. WALKER: I do. And I would point out that through this process Mercer discusses with Elexicon their context and factors to establish the right peer groups.

M. RUBENSTEIN: Yeah, I am just making sure we see this. We are going to get to all that don't worry. And then it says:

> "This approach allows the market review to reflect Elexicon's primary desire for industry specific knowledge across the majority of jobs, while also recognizing the general industry as

a sort of talent for non-sector specific jobs for the organization." (as read)

Am I reading that right?

B. WALKER: You are, yes.

M. RUBENSTEIN: And it uses the term here, you know, Elexicon's primary desire for industry specific knowledge across the majority of jobs. But if we can go to page 91, that shows the peer group of each of the positions. As I read it there is only energy and general energy blended. There is no just general; correct? Do I have that right?

B. WALKER: That is correct. Because Elexicon wishes to ensure that it has the ability to attract talent, and that would include both from the general and energy-specific markets.

M. RUBENSTEIN: And so when it says the majority of jobs it is really means all the jobs; correct?

B. WALKER: So I agree the majority is energy, but for the ones that are showing as general and energy, that is a blended peer group when they are coming to those results.

M. RUBENSTEIN: Yeah, but I -- and maybe because the wording is confusing, it seem to me that maybe some positions were just general. And I think we were agreeing that none of -- no position is compared to just the general category; correct?

B. WALKER: That is correct. And throughout the report you can see where we have used the blended

peer group. So it blends the -- both the general and the industry specific, yeah.

M. RUBENSTEIN: And so, more plainly, the study compares positions that are utility specific to the energy peer group, and all others to the combination of the energy peer group; right?

B. WALKER: And, again, I would point out that where we wish to source talent from we provided context to Mercer, and it was blended peer group that we wish to use for not just general industry positions.

M. RUBENSTEIN: Could we go to page 83? Just this is undertaking JT-3.8, and it is on the previous page. But part of the question we had asked Mercer was to tell us which components of the methodology were jointly determined with Elexicon. And your response, starting at line 4, says:

> "The variables of the benchmarking approach that were jointly determined by Mercer and Elexicon comparator groups and its application. The sector characterization of benchmark jobs, i.e., sector specific or non-sector specific, and target paid positions, an inclusion of both union and non-union employee groups, and the list of benchmarking jobs. They were determined through discussion based on key factors that underpins Elexicon's talent strategy." (as read)

Do you see that?

B. WALKER: I do.

M. RUBENSTEIN: And if we can go to page 86, again this is from Mercer. This is specific about the blended. If we go to line 25, Mercer says:

"The blended approach that was used in the study appropriately reflected Elexicon's talent strategy objective to source talent with industry specific knowledge for non-sector specific jobs, including taking into account the compensation of its particular workforce and needs." (as read)

Do you see that? Sorry, did you not see that? I apologize.

B. WALKER: Yes, I can confirm that. Yeah.

M. RUBENSTEIN: And so the study doesn't compare your pay to what those jobs pay in the market generally. It compares your pay to the employers Elexicon decides it wants to compete with for talent and that is one with industry-specific knowledge; correct? Mercer is using your talent strategy that you gave it?

B. WALKER: I would agree that they use our talent strategy as what to determine the methodology that they apply to the data set that they use to compare our compensation to market, yes.

M. RUBENSTEIN: And can we go to page 102? And this was a Mercer study undertaken for Alectra

Utilities Corporation that they filed in their 2027 -- application 2025-252; do you see that?

B. WALKER: I do, ye.

M. RUBENSTEIN: If we can flip the page to page 104, so flip two pages, they similarly have an energy peer group and a general industry peer group; do you see that?

B. WALKER: Yeah.

M. RUBENSTEIN: And if you look under the general industry peer group, the third bullet says:

> "This peer group was primarily used for non-sector specific jobs that require skill sets that are seen across different industries in Canada." (as read)

Do you see that?

B. WALKER: I do, yes.

M. RUBENSTEIN: So they do it differently. At least Mercer, when it was doing Alectra's, presumably similarly Alectra's talent strategy. They are compensating non-sector specific positions to the general industry only; correct?

B. WALKER: I would point out that I -- this not Elexicon's study. This is Alectra's study. Their talent strategy I can't make an opinion on.

M. RUBENSTEIN: I am not asking you if it is good or bad. But you would agree with me, at least here, another GTA utility is doing something?

B. WALKER: It would appear that way, but I

wouldn't necessarily say that that makes Elexicon's benchmarking study irrelevant. Because our situation is different and where we want to source talent.

M. RUBENSTEIN: I didn't say that. I didn't suggest that. And so you were asked a number of IRs to undertake Elexicon's analysis using the Alectra approach for non-sector specific jobs. And if we can go to page 88, after it's a little to and fro during the IRs in the tech conference, Mercer did provide what it called an illustrative results using the Alectra study approach. And what I see -- do you see that? Just from table 1, here from JT-3.16?

S. VETSIS: We do, and I believe if you were to scroll up on page 2, is that what's in the compendium?

M. RUBENSTEIN: Yeah.

S. VETSIS: Again -- is it on screen now? Mercer was very clear in its response that these are for illustrative purposes only, they do not reflect an appropriately contextualized benchmarking study for Elexicon and that the accurate and representative result for Elexicon is the study that is on record in this application.

M. RUBENSTEIN: All right. Well, can we go back? Just go down. And so when you are using the, what I will call, the Alectra approach, but essentially comparing non-sector specific jobs to the general industry, the results, if we look at the

aggregate total, as compared to your study move from 94 percent to 97 percent; correct?

B. WALKER: On an aggregate basis, that would be correct. I would point out, however, you still have see the same degree of separation as you move from the report positions within the organizations to the higher positions. Which, when you look add those levels, show that Elexicon's compensation is out of market in a majority of those areas.

M. RUBENSTEIN: And you would agree with me the reason for the aggregate changes, and I'm generally speaking, it is the same position. Energy companies may more than the general industry companies; correct?

B. WALKER: So I am going to mention Elexicon's talent strategy needs to ensure that we are attracting people that have industry experience.

M. RUBENSTEIN: Sorry, we are going to get into the talent strategies. But to my question first: The reason for the difference, generally speaking, for a similar position energy companies pay more than the -- you know, companies included in the sort of general industry peer group; right?

B. WALKER: Generally it would show that there is an increase here but, again, really important to understand Elexicon's situation with respect to its talent strategy and context. Because of who we are looking to draw talent from we have an incredibly

lean work force for the work program that we are facing. And we also have to be mindful that we are competing with other utilities within a geographical scope.

M. RUBENSTEIN: Sorry, I am going to stop you again. We are going to talk about the talent strategy. I would like you to answer my question.

D. COBAN: Mr. Rubenstein, I think the difficulty with your question is that you are asking the witness to comment on an analysis that was produced for Mercer -- by Mercer, and it was produced for an illustrative purpose. And so, you know, you are free to draw whatever conclusions you want from it, and we can have that discussion in submissions. But the witness is here, this is not Elexicon's evidence.

M. RUBENSTEIN: Well, that wasn't his answer. His answer wasn't I don't know this Mercer. He just didn't answer the question. And, Mr. Walker, let's just broaden this. Mr. Walker, you are in the human resources business, you understand compensation generally. Do you not agree, as sort of a general matter, for positions that are non-utility specific, generally speaking, utility companies compensation is higher than the general industry?

B. WALKER: So I won't speak for every position. It is obviously going to vary at different levels depending on the position we are talking without,

yeah.

M. RUBENSTEIN: That is why I said generally speaking. I agree. All right. Well, can I ask you then to -- just so we can go to page 91 of -- with respect to your talent strategy, and the -- as I understand it, the company wants utility-specific experience. That is the intent here; correct? We have talked about it a number of places, that is an important company for these non-sector specific jobs?

B. WALKER: That would be correct. Our preference with our workforce, the size of it is -- and what we have to accomplish we do look to hire from the energy sector, that is correct.

M. RUBENSTEIN: Okay. Can we go to page -- so this is the list of peer group positions. I just want to ask you a couple of them with respect to the general industry. Maybe we can go to page 92. Just scroll up to the top. Manager communications marketing and public affairs, important that that is an someone with a utility-background? Is that what you are saying?

S. VETSIS: For us at Elexicon, I would say yes. The individual with that position is also accountable for government relations as well, participates actively in policy development. Those are all very, very industry-specific accountabilities. And maybe perhaps, Mr. Rubenstein, if we could go to JT-3.18 just for a moment. Particularly I think JT-3.8

provides a little bit more context on Elexicon's particular circumstances, what drives the need for us to source moreso from industry, relative to other utilities. And I would say, like, if we could look specifically at the section labelled B for JT-3.18, you know, a thing that is really important to consider is as a relatively -- while we are one of the larger utilities in the province, we do -- we are still one of the smaller of the -- we do retain, at Elexicon, a relative flat operational structure.

A big difference between us and some of the other peer utilities is what that means in order for us to execute, you have a lot of individuals who carry very many hats. They need to have a really broad set of knowledge, expertise. In particular -- and there is a lot of things in this sector which are very specific. We have very prescriptive customer service rules. There is a lot of requirements regarding billing accuracy, et cetera, that are required.

So Elexicon doesn't have the luxury of larger teams to bring people in and give them two, three years of runway to learn the sector over time before they get -- before they can operate at full capacity. Because of this multitude of hats that we carry, it is necessary that we have individuals with the expertise from the sector, so that they can deliver, hit the ground running when they come. And also that

they can deliver on this broader scope of accountability in a way that wouldn't be required at other utilities.

So that is part of why this context in fact does matter when we look at the studies, and why the Mercer study that has been provided for this application is appropriately calibrated to Elexicon's circumstances.

M. RUBENSTEIN: Can we go back to page 92, please? Just go down the screen, on the right side.

People and cultural generalists need to have utility experience? Executive assistant needs to have utility experience. Payroll and benefits specialists need to have utility experience. Do I have that right?

B. WALKER: So those are looking at the blended peer group. What I would point out is these set our bands, which the market is -- the market rate is set at the middle of our band; there is a minimum and a maximum. So when we are hiring, that provides us a flexibility to, if somebody is coming from the industry, we can pay closer to that market rate within the band. Or we have flexibility, if someone is junior coming out of school or they don't have the energy experience to hit the ground running, we can bring them at lower end of the band and bring them through on a performance basis through the compensation structure --

M. RUBENSTEIN: Well, sorry --

B. WALKER: -- and setting at market provides us that flexibility to hire the experience that we want.

M. RUBENSTEIN: Well, Mr. Vetsis was just explaining to us the importance because of the company, that it needs utility-specific experience. I have just given you three positions here: People and culture generalist, executive assistant and payroll and benefits specialist.

Do those statements that you said, Mr. Vetsis, apply to those positions, for example?

B. WALKER: So maybe I will speak to the people and culture generalist position. Obviously, we have high level of unionization within Elexicon. We have the PWU, that represents over 60 percent of our staff. Even at that generalist level, having that experience and relationship with the union is definitely something that I would view as important in that role. Yes.

M. RUBENSTEIN: Can we go to page 97? Just this confirms -- you see this just in part B: The Mercer study is based on 2025 Elexicon compensation levels. Do I have that right?

B. WALKER: That is true.

M. RUBENSTEIN: As I understand, you have made some changes since 2025 with respect to compensation. Do I have that right?

B. WALKER: Yes, informed through this study.

M. RUBENSTEIN: And so, for example, as I understand you changed the short-term incentives will be based now on actual payroll instead of the mid-point pay band for those who are eligible? Do I have those right? That is one of the things that has changed.

B. WALKER: That is correct. Yeah.

M. RUBENSTEIN: Another one is the target for short-term incentive for senior managers goes from 15 to 20 percent of base salary. Do I have that right?

B. WALKER: Yes. There is an increase made for that band, yes.

M. RUBENSTEIN: I believe you have now increased the percentage of incentive pay opportunities for exceptional performance?

B. WALKER: We aligned the structure to ensure that it is consistent across all bands. Correct.

M. RUBENSTEIN: And I believe also you have -- there is $30,000 per year for qualified operators and apprentice operators and senior operators per year? A new thing, too?

B. WALKER: That is correct.

M. RUBENSTEIN: And I know the study doesn't deal with this executives, but for executives, this won't include their long-term incentive plans. Correct? That is new, since 2025?

B. WALKER: Correct. In 2025, the executive did not have an LTI.

M. RUBENSTEIN: Putting that aside, because they are not part of the study, executive, presumably those increases -- and you said since it is informed by the study as well -- that will increase how you benchmark against the median. Correct? Directionally speaking...

B. WALKER: Without having the data, it would be hard to speculate on where we would sit relative to the results.

M. RUBENSTEIN: But I think the intent -- my understanding is I think you mentioned here and it is discussed in some other places, some of these changes were after being informed of the study. So presumably the idea, and I think we talked about wanting to sort of be competitive in the compensation, it would only increase it. Right? That is -- directionally speaking. At least that is the intent. Correct?

B. WALKER: The intent is to make sure that we have a market-competitive structure to both attract and retain talent. I agree with that.

M. RUBENSTEIN: All right. Can we turn to page 15 of the compendium?

I am just looking here, and this is the first paragraph where you are talking about all the pressures on wage compensation, sort of generally speaking, due to inflation and cost of living impacts. You say at the end, despite -- and you also

talk about you are competing for talent with other large utilities. And then you say at the end:

> "Despite such challenges over the historical period, Elexicon has been able to attract and retain a highly skilled workforce." (as read)

Do you see that?

B. WALKER: I do, yes.

M. RUBENSTEIN: If you are being able to attract and retain a highly skilled workforce, why do you need to make the compensation increases?

B. WALKER: So I would mention that although we have been able to attract and retain a highly skilled workforce, it hasn't gone without some challenges in exits in key roles in leadership positions. So yes, we have been successful. But in order to ensure that we can achieve everything that we have from a hiring perspective and get the right talent, making sure that those pay bands are competitive is an important feature and underpins our talent strategy.

M. RUBENSTEIN: And so I am just trying to understand is it correct then that you have been able to attract and retain a highly skilled workforce in the historical period? Both these things seem at odds; I am just trying to figure out what the nuance is, or which one is not right.

B. WALKER: Again, we have been able to do that. But when we are hiring for positions, it has been a challenge to make sure that we are able to offer our

competitive compensation package. A lot of the hiring prior to changes, people were coming in at those higher ends of the bands. It was showing that our compensation levels were getting out of market, and it was a challenge.

We also know that the departures that we have seen, a big reason why people leave Elexicon is due to not competitive compensation structure, to the organizations that we see right on line 4. And that a large part, we see that in our system control centre, where we have lost leadership, we have lost operators. And it is important that we maintain a competitive compensation structure.

M. RUBENSTEIN: Now my understanding of the Mercer study, what it does not include is pension and benefits.

Do I have that right?

B. WALKER: That is correct. It looked at total cash and total direct cash only.

M. RUBENSTEIN: And if we can go to page 90? This is a question you were asked, just to give you the context for the response. But you were asked in part D to provide a revised version of the study that includes benchmarking on a total remuneration basis, i.e., pension and benefits.

And then if we flip over to page 95, this is Elexicon's response here. Just to be fair here, on part D on the Mercer, essentially it says it is too

much work, too much time. But Elexicon, which I think is the most important part, your response as I see it is:

> "Elexicon's study did not include pension and benefits, given that Elexicon as a member of the OMERS plan does not have authority or control over the terms of the plan and member contribution rates. Elexicon's benefits for unionized staff are determined through collective bargaining and benefits for its non-represented staff and typically in line with what is provided in its representative employees and are periodically assessed and informed by market analysis provided by a consultant that supports Elexicon and other myriad affiliated utilities." (as read)

Do you see that?

B. WALKER: I do, yes.

M. RUBENSTEIN: When you were developing the study, who decided you shouldn't include pension and benefits? Was that a Mercer recommendation? Or is that something when you went to them you said we were not to include it?

B. WALKER: The scope of the study that Elexicon looked for was a total cash and total direct cash. Because, in the energy sector within Ontario, OMERS pension or our type of pension plan is table stakes. That is what people are looking for when they enter

the market, and that is how we ensure we are competitive and able to retain staff.

From a benefits perspective, we have regular updates from a data perspective. And we have an external comparison with our collective agreements. And that is an important feature that we have to be mindful of.

As we look to grow talent internally, having a benefits plan at or slightly above in terms of even our own internal comparators is an important feature to attract internal staff into our positions. With the information we have supplied, I believe in JT-3.17, it shows that Elexicon is competitive within the LDC market. And so we have narrowed our scope and asked Mercer to look at our total cash and total direct cash.

M. RUBENSTEIN: You would agree with me that pension and benefits are part of a package employees care about when they decide whether to take job or stay at a job. Correct?

B. WALKER: I wouldn't disagree with that.

M. RUBENSTEIN: Leaving that out doesn't give you a full picture of the compensation that an employee at Elexicon is getting. Correct?

B. WALKER: I would disagree with that. When knowing what our pension and benefits are but not what our compensation structure in terms of its competitiveness was, it was important to get that

dataset with the right peer groups, from Mercer. And that is what that report has done.

M. RUBENSTEIN: Sorry. So you agreed to me that, I think -- or you said you didn't disagree, that pension and benefits are part of the package employees care about when they are deciding to take a job or stay.

Doesn't it then flow that when -- so leaving them out of a comparison does not give you a full picture of how your compensation costs compare to others?

B. WALKER: And I guess I am disagreeing with the fact that we had a handle on what our competitiveness was from a benefits and pension perspective. What we did not have a handle on was where our compensation structure sat at. And that is why we commissioned the report that we did.

M. RUBENSTEIN: Can we turn to page 105? This is from that Alectra study. We can scroll down.

This is what Mercer says in the context of the Alectra, where they did include benefits. It says:

> "As each element of the total remuneration package serves a distinct purpose, a company may choose to offer a different pay mix in order to accomplish different objectives. Mercer recommends Alectra consider the competitiveness of its total remuneration package as a whole rather than the

competitiveness of each individual compensation element. In alignment with this to provide a complete picture, report findings and observations are presented for separate compensation elements as well as the aggregate total remuneration." (as read)

Do you see that? Do you see that?

B. WALKER: I do.

M. RUBENSTEIN: So because your study doesn't include pensions and benefits, we don't have the total remuneration to look at. Correct? And its competitiveness?

B. WALKER: I think within Elexicon's context, our desire to hire from the energy sector and why we have the blended peer group, for example, the pension and benefits that we see from a competitiveness standpoint, Elexicon is competitive. And we had that data source.

Again, it was important to look at the total cash. And because our study is different, I can't comment on why Mercer recommended this for Alectra themselves. But based on the context we provided Mercer, a similar recommendation is not made within our report.

M. RUBENSTEIN: So if we look at page 105 at the top, as we see in the Alectra report there, it says:

"For pension and benefits program review, Mercer also benchmarked Alectra's pension and

benefits programs against the energy and general industry peer groups." (as read)

Do you see that?

B. WALKER: I do, yes.

M. RUBENSTEIN: So obviously, Alectra saw that there was value in doing this. Fair?

D. COBAN: I don't think that is a fair question. We are asking the witness to opine on something that another organization did in its own context. So I don't -- I object to you asking that question.

M. RUBENSTEIN: All right, I will withdraw that question.

Can we to page 106 and just look at the findings here? If we go down, we see the sort of second grouping of columns. You have total target cash compensation, and then total target, total revenue, which includes pension and benefits.

Do you see that?

B. WALKER: I do, yeah.

M. RUBENSTEIN: And if we look at the aggregate total at target total cash compensation, 96 percent, and then when we include the pension and benefits it goes up to 101; do you see that?

B. WALKER: On the aggregate total, yes, I do.

M. RUBENSTEIN: All right. So an increase of 5 percent on the market median when you add the pension and benefits; correct?

B. WALKER: Math works.

M. RUBENSTEIN: And if we can go to page 108, it talks about the pension and benefit arrangement. It says:

> "Alectra's pension arrangements through OMERS for all employee are above the 50th percentile for all three market comparator groups. The utility's non-union and union market median is higher than the general industry because the prevalence of defined benefits offerings to new hires in the utilities industry. While defined contribution plans are the most prevalent structure for private sector plans in Ontario. As the trend has continued to be away from DB plans in the private sector." (as read)

And that is the same plan that Elexicon has; correct? The OMERS plan?

B. WALKER: That is correct.

M. RUBENSTEIN: And then we go to page 113, it is a similar study that Mercer did for Toronto Hydro in their last application in EB-2023-195; do you see that?

B. WALKER: I do, yeah.

M. RUBENSTEIN: If we can go to page 117, you scroll down, they have -- they have broken this into energy peer group and then the general industry peer group. And what I see is for total target compensation for the energy peer group 95 percent.

And then when you include pensions and benefits the total remuneration, it is 99 percent. Then for general industry their total target compensation was 103. And then when you include pensions and benefits it goes up to 110; do you see that?

B. WALKER: I do, yeah.

M. RUBENSTEIN: And so an increase, depending on the category, of 4 to 7 percentage points; correct? When you add pensions and benefits; correct?

S. VETSIS: In the specific context of this study and this specific utility, that is the difference in the math that is shown on the table.

M. RUBENSTEIN: And Elexicon is the same OMERS pension plan as Toronto Hydro?

S. VETSIS: It is. But, again, it is important to remind ourselves of the context that we considered earlier. We are looking at two entities of significantly larger size and scope. Who have the ability to grow people slowly into roles. Who are able to use -- and so for them there is a different peer group. And so it is challenging for us to extrapolate anything from this to our study, because the circumstances are different and do not apply as directly.

M. RUBENSTEIN: So what does that have to do with including or not including pension and benefits in your study?

D. COBAN: Mr. Rubenstein, I feel like we have

answered that question several times now, in terms of what the thinking was behind the scope of the study.

M. RUBENSTEIN: Well, I am just clarifying Mr. Vetsis's comments. I was just trying to link that back to this specific issue that I was asking about.

S. VETSIS: I think in this context why it matters is because as you stated, you know, the OMERS -- the terms of OMERS are pretty common across the energy space. If we are -- if we are competing across that space increasingly from a talent perspective and we have information where we know that -- I think what I heard Mr. Walker say is from a pensions and benefits perspective, the information that we know -- that we are competitive from that perspective, and that is not a fact of differentiation for us.

M. RUBENSTEIN: So it is a question of differentiation then. Can we go to page 64 of the compendium? This is from your study. If the point is to compare yourself against other Ontario utilities here, at least in the pension benefits, it is generally speaking the same OMERS plan, then why are you comparing yourself for everything else against -- I do see Toronto Hydro here and I do see Alectra. But I see a lot of utility companies that are not located in Toronto, don't have OMERS plans, may have their own pension and benefits plans, I don't -- this is the peer group you chose to compare

yourself against. Can you help me understand that?

B. WALKER: So the peer groups from an energy perspective, those are the organizations that we would look for experience to source talent from. They are larger utilities, and as we pointed out with our talent strategy, we don't have necessarily the luxury of time for people to come in and build those skills. We are looking at ready-built talent and those are the size and types of organizations we want to look at and have the flexibility to be competitive.

M. RUBENSTEIN: And so, for example, if you are looking to hire someone from Manitoba Hydro, Hydro Quebec, you know, pick any of these non-utility companies. Isn't one thing that's important to understand is how the OMERS plan compares to whatever pension plan -- sorry, OMERS and whatever the pension and benefits you are offering compares to what these companies are offering? Like, I understand what you are saying if it is Alectra versus Toronto Hydro versus Elexicon, it is the same pension plan, so the other staff matters. But you are comparing it here to a bunch of companies that aren't OMERS.

B. WALKER: I would say from a retention standpoint, once we attract the talent into Elexicon those are important plan comparators, OMERS and our benefits plans. So we want to make sure that we have that flexibility on those plans, and with OMERS and

our benefits plan that retention is possible.

M. RUBENSTEIN: Sorry, you just told me that these are because you want people who could hit the ground running. These are companies that you are going to compete for, for talent. So isn't it important to understand how your pension and benefits compares to their pension and benefits, as part of the total remuneration package that you would need to offer?

S. VETSIS: I mean, I think we are going to end up talking around in circles, Mr. Rubenstein. I think the answer remains, we had other information regarding the competitiveness of the benefits and the pension plan. And we had -- so a good understanding of our comparators, and Mr. Walker talked about that earlier in the undertaking that you got. So through that understanding that our pension and benefits were relatively comparable, we focused then on the study of the remaining areas of compensation which to understand how we faired. And so Mercer did that study for us. The scope is as you see in this application and it is reflective of the circumstances of Elexicon.

M. RUBENSTEIN: Do you have an analysis on the comparison of the pensions and benefits to the non-OMERS companies?

S. VETSIS: No, I said that is -- sorry. To be clear, that statement was with respect to our Ontario

peers, because OMERS is common across Ontario, the benefits are common across Ontario, we had an understanding of those factors. And so what we did not have a full understanding of was the remaining elements of compensation and that is what is in the study.

M. RUBENSTEIN: Okay. But you don't have a comparison against the pension and benefits of the non-Ontario companies?

B. WALKER: No, we do not.

M. RUBENSTEIN: All right. Can I ask about a different issue? And I want to ask about -- as I understand, I think we briefly talked about it, Elexicon has a short term incentive program for, I think, senior management; do I have that correct? And that has increased from 15 to 20 percent of base salary; do I have that right?

B. WALKER: If we can turn to the Mercer study on the chart that shows the results, sorry.

M. RUBENSTEIN: Well, sorry, I am not interested in the results. I just wanted to understand: You have a short term incentive plan, proposing one for the 2027 year that I think is for senior management?

B. WALKER: The short term incentive plan, that specific change, is increasing the target level of incentive for that level of position, so it is at D11. And I just wanted to bring up the reason why that change is being made is to ensure that the total

direct cash component becomes more competitive, because at those levels that we see in the chart there is a bigger disparity to market. And so it was important to look at changing the short term incentive plan.

M. RUBENSTEIN: But the short term incentive program, generally, is broader than just senior management?

B. WALKER: The short term incentive plan applies to all non-union positions, executives and CEO.

M. RUBENSTEIN: And I understand from the evidence that it is based on both individual and corporate objectives; correct?

B. WALKER: So with the changes in '26 we have actually changed the performance management structure. So there is individual goals and objectives that are set for employees at the employee level. We have divisional scorecards and we have corporate scorecards, and all of those have a specific weighting depending on the position you hold in the organization, and those outcomes drive the payment under that short term incentive plan.

M. RUBENSTEIN: And at least as I have seen for the corporate scorecard, you can tell me if that is the case for the others, there is sort of a threshold, a target and a stretch level?

B. WALKER: With respect to those, the corporate

scorecard, that is correct. As well as the divisional scorecard, yes.

M. RUBENSTEIN: And if we can go to page 123 of the compendium, we talked about this a bit at the technical conference. But as I understand, for the purposes of the budgeting, it is included for 2027. You are assuming the incentive is paid at the stretch level; correct?

B. WALKER: So I believe we are looking at UT313; correct? Here.

M. RUBENSTEIN: Yeah.

B. WALKER: So it is correct that Elexicon has provided information with respect to target level incentive and a stretch factor. And that is the budget that Elexicon has set to ensure that our compensation program aligns with the performance expectations of both individuals, organization and the divisions. And to ensure that the ambitious outcomes that Elexicon has when we are setting goals that targets and a stretch factor are achievable.

M. RUBENSTEIN: So just backing up for a second, just take this in steps here. For the purposes of the 2027 budget, and really the OM&A budget we are talking about here, you are budgeting that the incentive will be paid at the stretch level; correct?

Z. ISLAM: Just to clarify over here, Mr. Rubenstein, in terms of budgeting, what we have assumed in our forecast period is that the -- not

every employee in the organization achieves stretch. So it assumes that -- so it essentially incorporates a higher value than target, but it is at a lower rate than what would have been if we had assumed that all the employees in the organization were achieving the stretch targets.

M. RUBENSTEIN: So just so I understand, this is line 15, Appendix 2-K budgets pay at stretch levels; is that not right?

Z. ISLAM: I am just providing clarification that it is not -- it is an assumption that incorporates a certain varied degree of achievement from each employee, rather than straight out assuming that all employees achieve the stretch target.

M. RUBENSTEIN: And, as I understand, what it is not set at is everybody hits the targets; correct? And the difference between those two amounts is what is shown in table 1, which is 1.3 million dollars?

Z. ISLAM: So that is correct. So the difference between what we have budgeted and the target is $1.3 million. I would like to also point out that 1.3 is the total variance in those two measures between the budget and what we have assumed in the plan. And that incorporates both capital and OM&A component. If we were just to look at the OM&A component that would be roughly 65 percent of the 1.3.

M. RUBENSTEIN: Okay. And I think you explained

-- and I think some explanation of why you have done this is because you think that is:

> "Doing so is necessary to align organizational performance with the ambitious outcome Elexicon must achieve over the plan periods." (as read)

Do I have that right? It says there?

B. WALKER: That is correct. And I would point out that when calculating this it is individual performance, corporate performance, individual performance as well. So it is -- there is multiple factors that can have this go up or down. And even just in 2026 right now, the forecast is to hit above target. And why it is important to align these compensation structures and budgets to continue to incent high performance.

M. RUBENSTEIN: And so if you are assuming for budgeting purposes, on average, people are going to hit above target. Doesn't it mean -- doesn't that sort of indicate that that stretch target isn't really a stretch target?

B. WALKER: So changes that we have made at Elexicon surround our performance management program as well. And that includes a lot of reporting, monitoring of risks and opportunities that we can leverage. And it is important that we can even see the increase in performance that we have seen. We have provided historical levels with our corporate performance that have seen 78.5. And I think last

year was 89 percent.

And this year, just with the changes we have made for 2026 in terms of how we manage performance, set expectations, I wouldn't agree that stretch is too easy. But I believe it should be achievable.

And I think that is what we are showing is Elexicon right now, when we expect and set clear goals for employees, that they are able to obtain that stretch.

M. RUBENSTEIN: Can we go to page 125?

My understanding, this is the weighted final score of corporate scorecards from 2019 to 2025. Do I have that correct?

B. WALKER: That is correct.

M. RUBENSTEIN: I believe if you get 100 percent, that is target. Correct?

B. WALKER: Correct.

M. RUBENSTEIN: When I look at it -- sorry. And I believe it is 125, if it is stretched. Do I have that right?

B. WALKER: I believe for the -- this is corporate scorecard. But, yes, at the time of these, it was 125 percent.

M. RUBENSTEIN: So when I look at the history, way below target for many years. And I don't think you have ever come close to hitting the 125. Correct?

S. VETSIS: So Mr. Rubenstein, to reiterate what

Mr. Islam said earlier, we are not budgeting at the full achievement of stretch in this application; it is above the 100 percent. As you will see in the majority of years, Elexicon did achieve values above 100 percent, with the exception being the last couple of years.

Since that time, we have implemented more robust governance processes, more -- with divisional scorecards, with our management control reporting structure, we have better information than we have in the past. We have short-term controls which help ensure greater execution.

As Mr. Walker said earlier, in 2026 we are seeing the benefits of all those structures now that they are put in place and we are -- we are above target for this particular year. So again, when we look at the structures that are in place, the ambitious targets that we have for the term, right?

We talked yesterday about how we are effectively doubling the throughput of the organization. You know, we are setting an approach and a budget that will incent the right behaviour to deliver on the ambitious program ahead of us.

M. RUBENSTEIN: If we look at your scorecards which are, for the last number of years, on page 126 through to 131, on every one of the scorecards net income is one of the measures. Do I have that right?

S. VETSIS: That is correct.

M. RUBENSTEIN: And presumably for the two, it will be on the 2027 scorecard?

S. VETSIS: That scorecard has not yet been approved, Mr. Rubenstein.

M. RUBENSTEIN: But is it a fair assumption?

S. VETSIS: Yeah, it is. Look, it has not been approved. It is a common metric. And that is also because it is a high-level measure of financial performance, and so it ensures that we are managing, you know, our overall budgets and objectives for the organization.

M. RUBENSTEIN: And it would be fair to -- would it be fair to assumption that the target for the 2027 net income will be essentially the net income you would need to hit your deemed ROE?

Z. ISLAM: The net income for the forecast period, Mr. Rubenstein, will depend on various factors. In addition to the decision that we receive as part of this application, there are other unregulated costs that the corporation bears. So it will be a different number than what you would typically expect of from the OEB ROE perspective.

M. RUBENSTEIN: Sure. Let's just put aside the unregulated components. If we are talking about the regulated part of that net income calculation, presumably it would be designed with -- the target would be the component to net income that would get you to your deemed ROE. Am I wrong about that? That

is the target?

S. VETSIS: Not necessarily. You know, as an organization it will be largely driven by our business plan as an organization. Every year, we build a business plan, we take it our board for approval. You know, in an ideal world, yes, we would target that value.

However, the reality is as time evolves, risks emerge. And we as a utility, we have to manage those risks. You have seen, you know, a really drastic example of what happens when risks emerge in the deferred rebasing period, and the fact that the organization has to self-fund investments.

So again, it is the budget that drives the net income typically. And then there is a myriad of factors that will go into that as we build up our budget.

M. RUBENSTEIN: Well, presumably, the regulated component of the budget will be the amounts in the settlement agreement with respect to certain components, and whatever the board decides with respect to the unsettled issues. That is what the company will be aiming to achieve in '27.

Fair? Isn't that the whole purpose of this exercise?

S. VETSIS: Again, Mr. Rubenstein, if nothing were to change, yes. But that is not world that we live in. I just heard Ms. Romano yesterday talk

about the fact that, with the federal budget, our postage costs have now materially altered from what was originally forecast in the application. And so that is a significant cost risk that the organization is now going to have to bear.

And so as an organization, we build a business plan and we determine pace based on our -- these risks that emerge and obligations that occur, we have to make -- you know, we have to make tough choices all the time. And so that is why there might not be full alignment with the regulated ROE.

M. RUBENSTEIN: Okay. But there would be general alignment; may I say that, at least?

S. VETSIS: Sure.

M. RUBENSTEIN: And so if you are forecasting stretch, if target is general alignment of net income with respect to the ROE, wouldn't be setting it at the stretch be saying you are expecting to over-earn?

S. VETSIS: Again, no, because like -- for those reasons, it is driven by the business plan itself that we built here, and that is reflective of the circumstances at the time. So for me to commit to that right now, it is not something I can fully agree with at this point in time.

M. RUBENSTEIN: All right. This is a good place for a break.

PRESIDING COMMISSIONER SIDLOFSKY: Let's do that, Mr. Rubenstein, 15 minutes. We will come back

at 11:25.

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

--- Upon resuming at 11:35 a.m.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Rubenstein, do you have a sense of how long you're expecting to be?

M. RUBENSTEIN: It's always risky to answer. This morning went a little bit slower than I expected. I have about maybe 20 minutes left, two sections I want to address.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Let's continue there and we will figure out where to call the lunch break soon. Go ahead, Mr. Rubenstein.

M. RUBENSTEIN: Thank you.

I want to turn to cost of capital and the long-term debt rate. And maybe we can start at page 167 of the compendium. This is from the settlement proposal. And scroll down to the table.

And so just so I understand generally speaking, the long-term debt rate that you're proposing to set for 2027, like the ROE and the short-term debt, will be the same amount for all five years?

S. VETSIS: Yes, that's correct.

M. RUBENSTEIN: And we can see the ROE at 9.11 percent. The long-term debt rate at the time of the settlement, sorry, 4.96 percent, and the short-term debt rate at 2.72 percent; do you see that?

S. VETSIS: I do.

M. RUBENSTEIN: And then my understanding by your application, and also as agreed to in the settlement, the ROE would be updated for the cost-of-capital parameters for 2027 that the Board set, and the short-term debt rate would; correct?

S. VETSIS: That's correct.

M. RUBENSTEIN: And then part of your proposal with respect to the long-term debt rate is tied to the Board's deemed long-term debt rate for 2027; correct?

Z. ISLAM: Yes, that is correct.

M. RUBENSTEIN: So before we walk through that, I was wondering if you could, and I think there was some brief discussion about it yesterday when I asked about it, are you able to update the bill impacts with respect to now the new ROE that's been set for 2027, the short-term debt for 2027 and your revised proposal for the long-term debt rate?

Is that something you can do by way of undertaking?

S. VETSIS: Yes, it is.

T. HOBBINS: That will be undertaking J-2.1.

**UNDERTAKING J-2.1: Elexicon to update the bill impacts with respect to the new ROE set for 2027, the short-term debt for 2027 and its revised proposal for the long-term debt rate**

M. RUBENSTEIN: Just to make sure we have an apples-to-apples comparison, can I ask you to do it

two ways? One is as we walked through yesterday, Mr. Vetsis, on the rate zone basis, those tables? But also as a comparison to what was in your presentation at presentation day, where there was a weighted average of the two rate zones? Can you do it in both ways?

S. VETSIS: We can.

M. RUBENSTEIN: Thank you.

Now, as I understand the 4.96 percent, the proposed long-term debt rate at the time was based on the Appendix 2-OB that you filed at the undertaking stage, which was JT-3.22. And you can see that in our compendium on pages 170 and 171 -- really, 169 through 171. Scroll down to 2027; that's where that number comes from.

Z. ISLAM: Yes, I can see that.

M. RUBENSTEIN: And if we can go to pages 184 and 185?

So I understand this is an updated 2-OB that was provided to parties on the weekend as a result of a version I asked you to confirm. And you made some corrections to some numbers. And this is the 2-OB that underpins the current request.

Do I have that correct?

Z. ISLAM: Can we please scroll down to 2027 fiscal year? Yes, correct, this is the updated version.

M. RUBENSTEIN: And as I understand, the update

makes two changes compared to JT-3.22. So the first is with respect to the shareholder promissory note. It previously was set at the deemed long-term debt rate, and you have now made a correction to set it at the 4.13, which is consistent with the terms of that note?

Z. ISLAM: Yes, correct.

M. RUBENSTEIN: And then the second is the debenture starting on -- is the last item row Number 5, the January 1st, 2027, debenture which you are proposing to set at the Board's deemed long-term debt rate correct? That's the 5.370?

Z. ISLAM: Yes, correct. We are setting it at the 2027 updated long-term deemed rate.

M. RUBENSTEIN: And those are the cost of capital -- that comes from the cost of capital parameters that were issued, I believe for '29?

Z. ISLAM: Yes, correct.

M. RUBENSTEIN: As I understand this debenture is for approximately $257 million that you're forecasting to issue on January 1st, 2027; correct?

Z. ISLAM: In terms of the magnitude of the issuance, we are still planning to issue around $257 million of debt. However, the issuance date as a result of the application decision will be delayed. So therefore, our best estimate right now is the issuance sometime around the first quarter of 2027.

M. RUBENSTEIN: Sorry, when you say the first

quarter, can you give us an estimate? Are we talking about early? Late in the first quarter.

Z. ISLAM: I would assume it would be towards the latter part of first quarter of early to the second quarter, so sometime around that area.

M. RUBENSTEIN: All right. And if you adjust the 2027 start date and you weight it through the year, you would agree with me that then changes the weighted long for 2027? Because now it's not in place for the full year.

Z. ISLAM: Yes, if you were to change the issuance date that would have an impact on the weighted average cost of capital rate.

M. RUBENSTEIN: So why when you filed the 2-OB did you not include that change? The version that you provided on the weekend. You didn't make that adjustment?

S. VETSIS: Again, we are setting a cost of capital over the entirety of a five-year period. This debenture, while the issuance may be delayed a few months due to the timing of the decision for the OEB, once in place it is an instrument that will hold over the entirety of the period. And so for rate-setting purposes it's reasonable to establish the weighted average cost again on that basis.

M. RUBENSTEIN: Am I correct that there are two interest rate swaps that are going to expire in 2028? And so they will be in place for less than half of

the term; do I have that right?

Z. ISLAM: Yes, the interest rate swaps would expire in April 2028.

M. RUBENSTEIN: And so you are not making adjustments with respect to that, we are only looking at 2027 here?

Z. ISLAM: That is correct. The best assumption we have in terms of replacing those debentures would be the long-term debt rate that was issued as part of the cost of capital parameters.

M. RUBENSTEIN: Okay. And my --

Z. ISLAM: If we were to adjust based on that assumption, obviously that weighted average rate that we see in the bottom line would be higher.

M. RUBENSTEIN: Well, that depends what you replace it with; correct?

Z. ISLAM: Yes, that is correct. And our best assumption would be it would be equivalent to that 5.3 percent rate that we have as part of the updated 2027 cost of capital parameters.

M. RUBENSTEIN: And my understanding of the debenture, the RBC debenture that we were just talking about, that's a 10-year term that you're forecasting? That's what it says here.

Z. ISLAM: The 10-year term that we note in regards to the debenture was a placeholder. From a ratepayer perspective, obviously, we would like to issue a 30-year note because that would be the most

beneficial in terms of the overall value in the long term.

M. RUBENSTEIN: Can we go to page 186, please? This is a table we -- and a chart we put together that looks at a number of things from information from the Bank of Canada. And am I correct that the OEB's deemed long-term debt rate is built from two things, the long Canada bond forecasts and the spread on a 30-year utility bond? Sorry, I apologize. If we go to 178 we can see this. We will come back to this. Scroll down to the deemed long-term debt rate. Am I right it's the long Canada bond forecast, which I believe, for the last day in September; do I have that right? That's one component. And the second component is the 30-year A-rated corporate bond yield spread on that date range; am I correct about that?

Z. ISLAM: So as shown in the screen it's based on the 30-year bond plus the risk spread, which is represented by that 1.07 percent in terms of the deemed cost of capital rate that the OEB publishes.

M. RUBENSTEIN: Yeah. So one of the components is the long Canada bond forecast; correct?

Z. ISLAM: That is correct.

M. RUBENSTEIN: And if we can scroll up to the page, we see where the long Canada bond forecast, and it's September 29, we see at the top "Date of Update" and it's really the 30-year Government of Canada bond yield; correct?

Z. ISLAM: Correct.

M. RUBENSTEIN: If we can go to page 186. And what we have done here is we have provided a chart over the last three months -- sorry, in the chart component here, of the Government of Canada 10-year versus 30-year bond yields for the last three months. And just so you know, the data for all this is located on page 187 through 192. And I provided my friends the Excel spreadsheet that creates this table and the chart. Do you see that information on the screen?

Z. ISLAM: Yes, I do.

M. RUBENSTEIN: And what we see here, and you see on the top part, not the -- in the table we have the spread on a number of different ways; right? One is on the essentially Friday the 5th -- or Thursday that it comes available on Friday, the September 29th date that the Board used to set the cost of capital parameters, and then the one month average, the last three month average, and the one year average; do you see that?

Z. ISLAM: Yes.

M. RUBENSTEIN: And what we see with respect to the date that the Board used in the September 29th date, for the 30-year the 4.3. It's obviously come down since then; correct? 4.02 on last Thursday, the 5th?

Z. ISLAM: Yes, that is correct. However,

currently in the market there is significant volatility. So the rate that you would see, or the gap you would see, between the 10-year and 30-year bond could be back to the September 29th level this week or next week. So it's uncertain in terms of that spread.

M. RUBENSTEIN: I am just looking at the 30-year. The September 29th date that the Board used to set the long-term debt rate, it's obviously lower now, the 30-year; correct?

Z. ISLAM: If you're referring to the one specific date in terms of the 5th November, yes, it looks lower.

M. RUBENSTEIN: And in fact if -- we won't go through the day by day. But outside of one further date since September 29th, that was obviously -- that was the highest. Take that subject to check? I think October 5th it was 4.31 percent.

Z. ISLAM: We would have to review the day-by-day forecast. But subject to check, we can accept that.

M. RUBENSTEIN: Okay. And if we look at the 10-year Government of Canada yields, and if we look at depending on the different ways to look at it as we see on the table at the top, there is a difference depending on which you look at it anywhere from roughly about 0.31 to 0.4 -- sorry, I should look at it this way: 31-basis points to 40-basis points

lower than the 30-year; correct?

Z. ISLAM: Based on the information that we have before us, that seems to be the indication.

M. RUBENSTEIN: So why, if you're forecasting in what will be a 10-year debenture, why is it appropriate to use the deemed long-term debt rate and not some lower number, recognizing that the deemed long term debt rate is based on 30-year issuance and as we can see from here, at least the component on the 10-year government bond versus the 30-year government bond, it's 30 to 40-basis points lower?

Z. ISLAM: As I mentioned earlier, Mr. Rubenstein, the 10-year figure that we had in the Appendix 2-OB was a placeholder. We would ideally issue a 30-year bond because that would be the best instrument from a ratepayer perspective and the most cost effective instrument in general. Obviously there are decisions made at the time of the issuance in regards to what the tenure of that bond should be that, and depends on the overall prevailing market conditions, as well as the investor sentiment. I would also point out that in setting the deemed long-term rate OEB uses two factors, obviously the first one is the 30-year bond yields.

The second factor is the risk premium that typically is record of an A-rated utility. In Elexicon's instance, we are not an A-rated utility, so obviously there will be a higher risk premium

required. Additionally, this will be our inaugural debt issuance, and as a consequence the market will demand a higher premium in general. And there are other factors that play into that risk premium, such as the eventual decision that we receive as part of the rate application. The rating that is provided to us by our rating agency, once we have that decision, and the overall interest that the investor committee will have in the Elexicon instrument that will be issued.

So, in general, if we consider all those factors, the deemed long-term rate that the OEB has is a conservative assumption, the market will require us to pay a higher premium than that.

M. RUBENSTEIN: You think you are going to be required to pay a 30 or 40-basis point premium?

Z. ISLAM: It's difficult to forecast what the exact premium will be, Mr. Rubenstein, because of the fact that we don't have debt instruments trading in the market. So we don't know what that spread might be.

But in general because we are not an A-rated utility and plus the other factors you have mentioned, the market would demand a significantly higher premium than what it would have assigned to an A-rated utility.

M. RUBENSTEIN: Can I move to my last section. I just want to make sure I understand the Dx NEXT

deferral account and the mechanism. And just so I understand -- and maybe we can start at page 199.

And as I understand the balance in the account that will be disposed of is $42 million on a principal basis; do I have that correct? I should say the principal is 42 million.

Z. ISLAM: Yes, that would be correct. That's the principal portion.

M. RUBENSTEIN: If we can go to page 196? And, sorry, just one second.

If we go back, that shows the '25, '26 and '27 costs get to 42 million. Do we see that?

Z. ISLAM: Yes, I do.

M. RUBENSTEIN: Okay, can we go to page 196? Can we go to line 21? And you say:

> "In order to balance the significant project costs and the executability of Dx NEXT, Elexicon adopts a three-phased implementation over the years '25, '26, '27 and Q1 2028." (as read)

Do you see that?

Z. ISLAM: Yes, I do.

M. RUBENSTEIN: So it's just not clear to me, are there costs in Q1 2028 that are implementation costs that are not in the budget? Can you just help me understand that part? Because the forecast we looked at goes to 2027, so I am just trying to understand that, what's happening there.

Are there more costs we don't know about?

S. VETSIS: Mr. Rubenstein, as Mr. Frost-Hunt testified yesterday, the costs related to Dx NEXT are largely based off of achievement of milestones, contractually. So the total value, the $42 million, is the total cost of the implementation. And so there might be differences in timing should the implementation slide a bit into Q1. But it won't have an implication from a cost perspective.

M. RUBENSTEIN: Thank you.

Can we go to page 198. This is from the pre-filed evidence. You can scroll down to line 18. Here you say, and this is in the evidence with respect to this account. You say:

> "Elexicon proposes a discontinuance of the account in 2027, as Elexicon is not proposing to record any further amounts in this account in excess of the balance requested for disposition of 42 million. Elexicon is seeking recovery of all Dx NEXT project implementation costs, including those forecast costs in 2027 for Phase 3 of the implementation." (as read)

Do you see that? Do you see that?

S. VETSIS: We do.

M. RUBENSTEIN: Can we go to page 203? It is in response to a question 9-SEC-96. Scroll down to part (c). I am looking at line 18. Here you say:

> "A true-up of forecast costs to actuals would

occur at Elexicon's next rebasing application, and rate riders updated should there be any material differences." (as read)

Do you see that?

S. VETSIS: We do.

M. RUBENSTEIN: Can you help me understand what the proposal is? Because in the pre-filed evidence, it seems -- it's 42 million; that's what you're recovering or discontinuing account in 2027. And here, it talks about true-up in costs. Can you clarify what the proposal is here?

S. VETSIS: So Mr. Rubenstein, our forecast is that the cost of implementation is $42 million. What we are seeking is recovery of those implementation costs for the project, spread over a ten-year period fundamentally.

The reference here to the true-up, as I mentioned, the vast majority of the costs are tied to fixed milestones within the contract. Mr. Frost-Hunt mentioned as well, there is a small degree of internal labour that we have that's included in the project costs, as individuals get dedicated to the project during its implementation.

And so what the true-up would account for is if there is a substantial delay to the implementation and there is an incurring of additional costs for continuing to finalize the milestones, we would at the time of our next rebasing application update the

associated rate riders to reflect those differences.

But in this application, the approval would be for the recovery of the $42 million in principal.

M. RUBENSTEIN: So when the pre-filed evidence says you propose to discontinue the account in 2027, am I right that that's actually not correct?

S. VETSIS: There is -- yeah, I guess from a nuanced perspective as I noted, if there is a bit of a -- if the implementation deadline shifts a month or two, we may have an actual cost that is incurred a month or two afterwards. But the -- and so we would need the account for that.

So the account would be -- there would be no other cloud-based ERP costs eligible within the account; they would all be related to the Dx NEXT project.

M. RUBENSTEIN: So then where it also says you are not proposing to record any further amounts in this account in excess of the balance requested for disposition, 42 million, am I hearing you what you're saying is we don't plan to do that. But the account will give us the ability to do so, if the accounts are higher and if they are lower?

S. VETSIS: Under the true-up proposal, that would be the case -- well, if they are material. Yeah, I think there was a caveat there, that if they were materially different.

M. RUBENSTEIN: And also this talks about 2027.

But if things move into 2028, would that also be captured if the project gets extended and there are more costs? Or, you know, gets extended and somehow there is less costs, probably unlikely in that scenario, that's also captured in the account? Or does it end, no recording after the end of 2027?

If you would like to take this by way of undertaking, this isn't a trick question, I am just trying to understand what the proposal here is with respect to the account that's quite clear, so we know exactly what is being sought for approval, if that would be helpful?

S. VETSIS: Yeah, sure. I think there is value in doing that, in writing, with careful thought.

T. HOBBINS: That will be undertaking J-2.2.

**UNDERTAKING J-2.2: Elexicon to further explain what is being sought for approval regarding cloud-based ERP costs**

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

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Mr. Rubenstein.

We are on to CCC and Mr. Gluck. I see you are down for 75 minutes on the timeline for today. But if you could think about a good place to stop around 1 o'clock or so, for a break, that would be great.

L. GLUCK: Okay. I will do that, thank you.

Good morning, panel. You had a discussion with

Mr. Rubenstein earlier this morning. And I think you agreed that the Mercer benchmarking study does not include pension- and benefit-related compensation in the benchmarking results; is that correct?

B. WALKER: That's correct. It was done on a total cash and total direct cash basis. Yes.

L. GLUCK: Thank you.

And if we could go to page 178 of the compendium, please? 178? Thank you.

And this report was filed in Entegrus Powerlines' 2026 rates proceeding. The document has a header describing it as confidential, but this was placed on the public record in that proceeding after the OEB's decision required full public disclosure of this study.

And if we could go to page 185 of the compendium, please?

And you will see here that there is a list of 32 Ontario distributors that participated in the 2025 MEARIE management salary survey.

And based on this list, I understand that Elexicon itself participated in the survey; is that correct?

B. WALKER: That's correct.

L. GLUCK: Thank you.

And would you agree that the participants in the MEARIE survey are generally OMERS employers?

B. WALKER: I can't comment on every employer in

here, whether they are OMERS. But I think it would be fair that, yes, their pension plans, with these --

L. GLUCK: Well, would you agree with me that other than EPCOR and Canadian Niagara Power, which are shareholder only, the remainder are municipally owned utilities?

B. WALKER: I'd say that's fair.

L. GLUCK: Okay. Thank you.

So between Elexicon and at least the majority of the employers in this survey, comparing total compensation excluding pensions is comparing a like for like? Elexicon is on OMERS, the majority of these participants are also OMERS employers; is that fair?

S. VETSIS: Again Mr. Gluck, I am not sure I would agree. You know, this is a document that you see here, it's a survey. You know, it's, you know, with the results here, we cannot confirm the method, the input and the results are comparable in any way to the Elexicon or its study.

In fact, I would note as well if we look at page -- I think is it 233 of your compendium -- that second-last paragraph from the bottom, Eckler itself recommends that the results of this survey are not used as professional advice, and that they be reviewed with professional help. So as we look at this, the document's not informed in any way by a talent strategy. It's a survey which does not

necessarily identify a specific peer group.

And, you know, I look at this list, I see a list of utilities that are significantly smaller than Elexicon, significantly less complex than Elexicon. I certainly don't see a list of utilities that we compete with for talent.

L. GLUCK: Okay.

S. VETSIS: What I see from that list are all the large -- a majority of the large utilities in this province.

L. GLUCK: So if we could go back to page 185 of the compendium, please?

In this list, I see London Hydro and Enova. Are those LDC similar sized to Elexicon?

S. VETSIS: I can't speak to the specific circumstances of those utilities. I acknowledge that, from a customer perspective, London has a similar customer count to Elexicon. But again, from a comparability perspective, it's not an organization which we tend to compete with for talent. It's not an organization that is experiencing the rate of growth that we are experiencing. Again, this is a survey; it's not a study.

L. GLUCK: Okay. And if we could go back to -- if we go to page 237 of the compendium, please? Maybe it's down a page or two. It's 240, please. Thank you.

And so we were just looking at the list in

MEARIE, which is all Ontario LDCs. And you spoke with Mr. Rubenstein this morning about the list here of peer utilities and energy companies in the Mercer study.

And from my look at this, the -- first of all, the Ontario LDCs that are in the energy and utility comparator group are Toronto Hydro and Alectra, which are about five times the size of Elexicon; does that sound right?

B. WALKER: So those organizations are larger, and those are the ones we are losing talent to. I think we have shown even in the control room that those larger utilities are where we are losing our staff to, not the smaller ones within the province.

And the benchmarking within the Mercer report are similar-sized LDCs, one to -- one and a half to two times the size. So we are not looking lower; we are actually looking to bigger organizations.

So again, in relation to the results that are provided in the compendium, those organizations are much smaller and would say that this is a more relevant peer group. And that's why the study reflects this peer group.

L. GLUCK: And most of the companies in the Mercer peer group aren't located in Ontario; is that also correct?

S. VETSIS: So that is correct. But I would view them as more comparable from a complexity

standpoint. And again, as you think of Elexicon and its journey and just the exponential degree of scaling that we have as a utility, you know, transitioning to a world where we can no longer walk down the street to the bank to get money, issue debt, in an environment where the reporting requirements that come associated with that, the governance requirements.

And so Mercer, through its study, leverages its expertise to develop an indicative peer group. It attempts where possible to keep to a primary peer group, where you are looking at organizations where there's half times to two times as much as possible, but sometimes can go beyond if there aren't sufficient data.

But, again, when I look at the entities themselves from a complexity standpoint, from the foundational capabilities that they need to have, these utilities are more comparable than a small utility in Ontario with 10,000 customers that has two feeders.

L. GLUCK: Okay. And if we go to page 185 of the compendium, please? And I think it might be 186.

So you just made a statement that the utilities in the MEARIE study are, you know, made up of utilities that have 10,000 customers. And if you look at the P75 that it shows here, in fact, there's plenty of companies that have 60,000-plus customers;

do you see that?

S. VETSIS: The 10,000 was an example of the value. But when I looked at this table, half have less than 30,000.

L. GLUCK: Okay. And if we could go to page 208 of the compendium, please? If we could go, I think it's page 182? Thanks.

On top of this table, you will see that, in the MEARIE survey, there was a benchmark of 56 positions; do you see that? Above the table?

B. WALKER: I do, yeah.

L. GLUCK: And would you agree that many of these positions are the same positions that Elexicon has in its organization?

B. WALKER: I'd agree, from a title perspective, that these would be similar positions that you'd see at Elexicon. But I wouldn't be able to confirm the scope would be the exact same.

L. GLUCK: Okay. And I think if you went down -- went to page 213 of the compendium, please. And scroll down from there, there's job descriptions for every single job that's in the MEARIE study. So with that information would you be able to know whether the scope of the roles are similar to the roles that Elexicon has?

B. WALKER: So based on these excerpts I'd have to -- I wouldn't be able to tell if the scoping was 100 percent. This is a subset of all the positions

in the survey.

L. GLUCK: And I think you agreed before that Elexicon participated in the survey. So you would have, I assume -- I guess this is a question, you would have filled out a survey with the different jobs that Elexicon has and it would have been matched to the benchmark positions in the MEARIE survey; is that a fair understanding?

D. COBAN: I don't think that we can ask the witness to comment on something that a third party did. We can certainly clarify the data that was provided or how that data was interpreted, matched and analyzed to produce what we see here on the screen. Nobody here has experience with that, since it's a third-party study.

L. GLUCK: Sure. So I will ask it this way: In the survey that you fill out for MEARIE, what do you provide?

B. WALKER: The data we provide is the closest match. Again, I would suggest that there are scope differences within the this data set. And with respect to the methodology and the data controls, I cannot comment on those methodologies.

L. GLUCK: And so in the information you provide, you go through the list of Elexicon's employees, your own employees that you have, and you say this is their job title, and this is how much we pay them, and this is their incentive and that's the

information you provide in the survey?

B. WALKER: The closest match is what the data is that's provided and, again, I'd have to -- I couldn't comment on each individual job and what's actually provided from those other organizations. But I would suggest, again, that the scope and complexity of the jobs that Elexicon has will differ from those smaller organizations. As I think we have pointed out throughout some of the evidence and discussion, that we do have broad-based job documents. I will use myself, for example, as let's use this language highest ranking HR person, I also have a number of other areas within my portfolio that would make me not comparable to just somebody that's in HR for example.

L. GLUCK: Okay.

S. VETSIS: And I think it's just important to put this into context. This is a survey that we participate in as a courtesy with MEARIE because we are a member organization. We receive the output as a courtesy, but it's not something that's relied upon in any way to guide business decisions. You know, the Mercer report is a true study that is structured by an expert to inform and guide business decision-making.

L. GLUCK: Thanks. And you just mentioned the output of the study -- sorry, the survey. What do you get back from MEARIE? What do they provide you?

B. WALKER: In terms of what we get back is the data you're showing here. It's on an aggregated basis and it's not something that we relied on as part of our rate filing application. As we filed with the Mercer study, we believe that's the study we need to rely on to make sure that our compensation structures are competitive to drive the performance that we need, and attract and retain qualified staff. I think that's what we relied on and put forward, and as Mr. Vetsis said, this is a study that we provide data into but have not relied on as part of our rate application.

L. GLUCK: Okay, thank you. And if we could go to page 243 of the compendium, please. And in this table I put together a very simple comparison between four jobs that Elexicon has and four jobs that form part of the MEARIE study. And I acknowledge that there may be some, you know, you have mentioned to me a few times that there may be some scoping issues around the job matching, but this was something that I was able to do with what is in the MEARIE study and what's in the Mercer study, and tried to match the jobs has honestly as I could. And you can see from this table that when you're looking at the Mercer grades it shows that the company is largely below the market median. And then in the MEARIE study it jumps up significantly to well above, and in some cases the variance is as high as 25 percent, the difference

between the Mercer and the MEARIE study. So I guess my first question is: Do you believe that I have matched the jobs in a manner that is reasonable?

D. COBAN: Mr. Gluck, I am struggling with what you have done here for the reasons that we talked about, which is that you're taking analysis that has been done by a third party. We don't have that third party here, we don't have visibility into how they have matched or not matched. You are purporting to put that together with what Mercer has done and then putting that comparison to the witnesses with, you know, what I think is an unfair position to put them in. To comment on the comparability where they don't have the full set of understanding of how these two compensation parties, third parties, would compare these positions. So I think that's a really unfair position to put the witnesses in, to comment on that without having knowledge of these methodologies and how they do compare or may not compare.

L. GLUCK: So would it be possible for Elexicon to undertake to provide, using the information from the outputs you get, all of the average benchmark results in the MEARIE study and match those to its own employees and show us an average of the differential between Elexicon's pay and the MEARIE market median?

D. COBAN: No, I don't think we could do that within the timeline for answering undertakings. We

obviously would have to have extensive conversations with MEARIE to be able to understand their methodology, to be able to look at that and analyze it. That is a significant amount of work and could not be done. And furthermore, as we have heard from this panel, we don't think that's relevant because this is not the market Elexicon competes for talent.

L. GLUCK: We heard this morning -- at least what I took from this morning, is that the Mercer study also has problems. It doesn't include pensions so there is no total remuneration in there. The comparison is to companies much larger than Elexicon. I would say that the Mercer -- the MEARIE study, sorry, has problems the other way, I would agree the companies are smaller on average than Elexicon. But it provides an alternative view as to where the company lands in terms of its compensation, relative to the market median. And I believe that, given that you fill out the survey and you would basically provide the salary and incentive for every position, you could figure out which, which jobs in the benchmark they have been matched to. It does not seem like a very difficult undertaking.

D. COBAN: It is a difficult undertaking for all the reasons that I noted. We stand by the Mercer study. I think to the extent you have concerns with that study, that's a matter you can put those concerns in submission. But we are not able to now,

within the oral hearing, in a very short timeline to answer undertakings produce the kind of additional information you are asking for. And we don't think it's relevant for purposes of the peer group comparison not being appropriate.

L. GLUCK: I understand in 1-SEC-4 in this proceeding SEC had asked for you to provide all benchmarking reports that the company had completed and why was this study not -- the MEARIE study not provided in response to that, in response to that question?

S. VETSIS: As we stated, Mr. Gluck, it's not a benchmarking study. It's just -- it's a survey.

L. GLUCK: It's a survey that provides benchmarking results; is that fair?

S. VETSIS: No, I wouldn't agree with that, that statement. Again, the report itself includes significant caveats about using it to inform decision making. It's, again, it's a source of information that we receive as a courtesy through our membership in MEARIE.

L. GLUCK: Well my request for the undertaking stands. We would like the company to use the MEARIE benchmarks to benchmark its own positions.

PRESIDING COMMISSIONER SIDLOFSKY: The Panel is going to consider this over the lunch break. I expect, Mr. Gluck, you will still be asking questions, so I think our answer on that will be

timely.

But if you don't mind, Ms. Coban, I have a question or two for your witnesses. The sense I get from what you're saying is that you're a passive participant, they ask you for information, you provide it. Are you suggesting that MEARIE gives you no indication of what their methodology is in how they apply those numbers?

B. WALKER: I think it's outlined in this report, but I would agree. It's merely a passive report that we receive and, again, we rely on the Mercer report mainly because it's providing what we believe, or we need to have, in order to source the talent that we need to be successful. And also ensure that our retention remains -- we retain employees to be able to, again, deliver on the large work program that we have. And we have seen that that's where we are losing talent to, the Toronto Hydros, it's the Alectras, it's the neighbouring utilities, Hydro One, OPG. It is not those smaller utilities. And I believe, personally, that it's irrelevant that these are not the right comparator groups and its different methodologies.

PRESIDING COMMISSIONER SIDLOFSKY: I understand your point about the MEARIE survey being irrelevant in the sense that you're rejecting that comparator group or you're suggesting that the participating utilities aren't competing with you for talent;

correct?

B. WALKER: I would agree with that, yes.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. But am I also supposed to take the output of the MEARIE survey, let's not call it a study, we will call it a survey. But are you suggesting that the output and any indication as to where Elexicon compares to the median is just meaningless?

B. WALKER: So in providing the data we don't provide context specific to Elexicon that would make the results relevant to us. If that makes -- that explanation makes sense. So, yes, we provide information, but unlike our Mercer report with -- that we provided, there is contextual factors specific to us that make those results not relevant, in comparison to the surveys that we participate in with Mercer to get our compensation benchmarking.

PRESIDING COMMISSIONER SIDLOFSKY: So the comparator group isn't relevant, the results aren't relevant, what am I supposed to do with the survey?

S. VETSIS: Like, this is where we are struggling as well because, again, it's an exercise we complete as a courtesy. It's not something that we put a tremendous amount of effort into or context into, because it's not used in any meaningful way from a business context. And I think, you know, whereas in the case of Mercer, that's an actual study designed by a professional to provide a meaningful

outcome. The survey has caveats all over the place about its use without further context and work. And I think the other part where we are struggling, you know, I heard Mr. Walker talk a lot about just the reality that we experience day to day.

So we have a lot of practical examples of staff leaving for larger utilities. We have a lot of practical examples of how, you know, when we struggle we put offers out to individuals. We either struggle to get talent in competitions or we had to bring people in at the top levels of the band which, you know, was showing us on the ground from a compensation structure perspective that something was wrong.

And so I -- we struggle to reconcile what is on the screen before us because it's not reflective of any lived reality we have as a business. And it's not reflective of what, when a properly structure study is performed, shows. So that is, you know, for all-of-the-above kind of thing, why we struggle with it as well.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thanks, Mr. Vetsis.

Ms. Coban, I see you have your hand over the button. Did you have something else to say before I turn it back to Mr. --

D. COBAN: I would say just as a procedural matter while you consider this request is the time it

would take to be able to answer this question, to do so in a thoughtful, analytical way. And as well, just the position it puts us in in that there is no further opportunity for examination. We are at the very end of this proceeding and we have got a short window of time for answering undertakings.

And I do suspect that if we had to answer this undertaking, it could compromise the other steps that you have scheduled in terms of argument and downstream submissions.

PRESIDING COMMISSIONER SIDLOFSKY: Sorry, Mr. Rubenstein?

M. RUBENSTEIN: I just want to raise one comment about the timing, which I understand. We asked in 1-SEC-4 for the company to provide a copy of all third-party benchmarking analysis studies, reports, similar documents undertaken for and by that include Elexicon since 2020 that are not already included in this application regarding any aspect, directly or indirectly related to material aspects of Elexicon's budget or aspects of it.

And in that response, there is a lengthy list of reports that my friends have provided; this isn't part of it. And it seems to me that this clearly fits the scope of a document that should have been included in that. And if it had, then we could -- obviously this all would have occurred a little bit earlier in the process.

D. COBAN: I disagree. And maybe we could pull up the list of the things that have been provided in response to SEC-4 and SEC-6.

All of the reports that you see in that response contains Elexicon-specific analysis. They are not general industry reports; they are assessments or benchmarks that look at Elexicon-specific information. We don't have that here in this study that we are looking at.

This is a general study. It makes no findings, no recommendations, no conclusions and it includes no analysis with respect to Elexicon. So that's why it wasn't included in SEC-4. And we don't believe it should have been included on a proper interpretation of what you are asking for.

M. RUBENSTEIN: I am not sure I agree with that. I am not sure which interrogatory this was provided in the Entegrus, but it's generally that when we see this report, it's in the context of a similar interrogatory we have asked.

But putting that aside I think, I think the issue about the timing which I do take obviously to some degree, where we are in the process. But a question like this is to try to reveal that kind of information, to get it on the record earlier, so we are not in the situation that we are.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks.

Mr. Gluck, just before I turn it back to you to

continue your questions, are you still maintaining your request for this?

L. GLUCK: I am.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, thanks. We will be back to you after the lunch break on that.

In the meantime, maybe you can continue.

L. GLUCK: Okay, thank you.

If we could go to page 245 of the compendium, please? And you had a chat with Mr. Rubenstein this morning about incentive pay. And I wanted to understand a few things.

The first thing I wanted to understand is when did the change to the short-term incentive plan go into effect, in what year?

B. WALKER: The compensation changes that Elexicon made are effective in the 2026 year.

L. GLUCK: Thanks. And I understand that also as of 2026, a long-term incentive plan for executives will begin to accrue; is that also right?

B. WALKER: That is correct.

L. GLUCK: Thanks. And where are these long-term incentive costs reflected in the budgets in the application? It's more of a specific application -- a question about, like, what schedule was it in? Like, is it in Appendix 2K? If we go to page 140 of the compendium, please?

Is it in the incentive pay of the executive line? Is that where that long-term incentive would

show up? Or is it somewhere else?

Z. ISLAM: Correct. It's part of the incentive line there.

L. GLUCK: Okay, thank you.

And if we go to page 247 of the compendium, please? Here, I have put together a table that calculates the percentage of incentive pay relative to base pay. And this was taken from page 140 of the compendium which is the Appendix 2-K breakout. And I am looking for you to first confirm that the calculation for the executive category is accurate.

So in the first line there, incentive pay goes from 34 percent of base salary to 60 percent, by 2027.

Did I calculate that correctly?

B. WALKER: I believe so, yes.

L. GLUCK: Thank you. And the same question for the non-union category, the incentive as a percent of base goes from 10 percent to 18 percent? Is that right?

B. WALKER: That's correct.

L. GLUCK: Thank you.

And with respect to the management line, I understand from your response to JT-3.6 which is at the next page of the compendium, this response implies that there was problem with the incentive amount that was included in 4-CCC-57, so management incentive and base pay, there was a misalignment?

Is that a fair summary of this undertaking response?

Z. ISLAM: Mr. Gluck, can you please repeat your question?

L. GLUCK: Sure. Maybe I will do it in another way. If we go back a page?

So I have calculated the incentive pay as a percentage of base for management. And it shows that it goes from 14 percent in 2024 to 25 percent in 2027. And my question is is that accurate? And I thought the answer was going to be no, and that is why I went to the undertaking. But if it's accurate, that's fine.

Z. ISLAM: So in regards to the incentive pay specifically for the actual years, which is would be 2024 and 2025 in this table, the incentives that were showing in Appendix 2K actually relate to the previous fiscal year, because the dollars that are shown in '24 and '25 align to the T4 schedule, which is the actual cash payments received by an employee in that fiscal year.

So from an incentive perspective, the liabilities accrue in 2023 and the payment was made in 2024. So when you factor in that fact, there is obviously a lagging, like, a timing difference there in terms of the inflation because, year over year you, have to layer on the inflationary increase for the STI because of the base compensation increases.

And then when you are comparing it to 2027, the 2027 includes various other elements as well, specifically the compensation structure, structural changes that we have made. And on top of that, if we just scroll down to the undertaking?

As you will note in Row 18 and Row 20, so between Row 18 and 20, there were certain positions that were well below the market benchmark for which we didn't have enough time to address the base pay changes. So what we have done is we had factored in the dollars associated with making those base pay changes into the STI line. So we included those dollars in the compensation of the short-term incentive. So you have to basically normalize for that fact, as well.

L. GLUCK: Okay.

If we go back, let's go back to the table, and maybe we can walk through it for a minute just to make sure that I understand. So I think what you are saying to me is 2024 and 2025 are on a cash basis. So really the incentive, the STI, the incentive payment is related to the year prior to that; is that right?

Z. ISLAM: Yes, correct.

L. GLUCK: Okay. And then for the forecast period, 2026 and 2027, it doesn't work like that obviously. You are forecasting how much incentive the person would get in that year; is that correct?

Z. ISLAM: That would be correct. So we are basically accounting for the liability that would be paid out.

L. GLUCK: Okay, thank you.

And the issue you talked about just now about certain base salary adjustments being included in the STI line, does that only impact the management category?

B. WALKER: So there were adjustments in both the executive and the management categories that would impact those lines as well.

L. GLUCK: Okay. And would it be possible for you to correct this in the time that's available for the undertakings?

Essentially what I understand needs to be -- that needs to happen is the executive and management lines, the breakout between base salary and incentive need to be corrected to give the Board the final picture as to how the compensation is built up.

Z. ISLAM: The Appendix 2-K was developed based on individual positions. To update the Appendix 2-K within the time period of the IRs or the undertakings for the hearing will be very difficult to do, Mr. Gluck.

I would note that the overall dollars that are represented in Appendix 2-K will not change as a result of those allocation differences. So what you're seeing in terms of the overall costs, that's

still relevant. But to do this, it's going to take a significant amount of time at this point in time.

L. GLUCK: Okay, thank you.

And in terms of just the materiality of it, you know, is this generally correct, 2027, 60 percent for executive, 25 percent for management and 18 percent for non-union? Is it generally accurate within a percent or two, relative to fixing it?

Z. ISLAM: From my recollection, Mr. Gluck, what I recall is that the approximate impact was around 900K. In relation to what that spread was between the executive and the management category, I couldn't confirm at this point in time.

L. GLUCK: Okay. So 900K between the two categories; is that right?

Z. ISLAM: That would be correct, yes.

L. GLUCK: Okay, thank you.

I am going to be moving to another area now. So if it's an okay time for a break?

PRESIDING COMMISSIONER SIDLOFSKY: Sure. Just before we do, though, Mr. Gluck, I want to make sure I know exactly what you're asking for in the undertaking that the panel is going to consider on the break.

L. GLUCK: Yes.

PRESIDING COMMISSIONER SIDLOFSKY: So tell me what you want.

L. GLUCK: Okay. What I am looking for is for

the company to take the information that it provided in the survey, its own survey that it filled out to MEARIE, and take that information and compare the roles that it provided to the benchmark results for those roles that are set out in the MEARIE study.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. I think earlier you had also asked for Elexicon to match those results -- excuse me, to match them to its own employees and show the average of the differential between Elexicon's pay and the MEARIE market median. Is that --

L. GLUCK: I apologize. I should have mentioned that. That is a way to avoid confidentiality of the whole thing. If they are going to have to show every position, then all that information is going to be confidential. And I would be satisfied just seeing the average at the end, across all the positions, to avoid them having to file confidential information.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

D. COBAN: Just so I am clear, Mr. Gluck, are you asking for that to be done with respect to the positions that you put on the screen that we were looking at? Or?

L. GLUCK: Sure. If we go to, if we can go to page 205 of the compendium, please?

You'll see here that MEARIE provides the benchmark for 56 jobs essentially. Across two pages here, there are 56 jobs in these tables. And my

understanding is that Elexicon would have filled out a survey that would have done best fit to the different positions here, and provided their salary for those positions, their salary and their total cash design, which is basically the salary plus incentive.

And then what I am asking them to do is to match the jobs that they have provided in the survey to the benchmark results that are set out in this table, and average that up and provide the result of that exercise.

D. COBAN: So essentially you would like Elexicon to do a study, you know, looking at each one of these jobs and then going through the different benchmarks that we have here in the context of one week, a study that can take months to complete?

L. GLUCK: I believe that you have all the information. You would have written down -- I believe that Elexicon would have written down executive assistant and put the salary in for the executive assistant. And then all you would have to do is match it to the benchmark here.

D. COBAN: I think the missing piece is MEARIE's involvement in this, and how they translated what Elexicon provided and whether they translated it one for one or there were normalizations, whether, you know -- we don't know those details. So I don't think it is as simple as just taking the data that

Elexicon provided.

I do believe that we would have to engage with MEARIE in order to do anything that is meaningful. And we continue to stand by the concerns around the timeline of doing that, as well as just the relevance of the peer group challenge.

L. GLUCK: And I would just mention that the methodology is described in the report. It explains exactly what they did.

D. COBAN: As well, though, the report, I just want to make sure that we are reminding ourselves of the important limitation that we saw on the beginning pages of the report, that any information that's provided here should be interpreted with the assistance of a professional who can help translate that information into appropriate insights. And that is a limitation that we see in the report.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Walker, when you were filling out the MEARIE survey, did you use MEARIE's categories? Or did you simply send a list of employees and their compensation, and MEARIE somehow behind the scenes fitted those employees into their categories?

B. WALKER: So I didn't send the information personally. But my understanding would be that we picked the job that best matched their description. So again, I do look at just a couple of these just on its face, that they're more -- they would be less

robust than what our jobs would be, and have a different span of control and responsibility and, again, I think would say that it's not an appropriate comparator for the purposes of -- similar to the study we did with Mercer.

Again, from our talent strategy, I think it would provide not the results we require to ensure that we are able to attract and retain staff.

PRESIDING COMMISSIONER SIDLOFSKY: And I understand your concerns about the MEARIE survey. And my question is more -- I am sorry; when I said "you," I was meaning Elexicon. I don't mean you personally had to fill out the form.

But my question for you was when Elexicon filled out the form, someone at Elexicon, they used MEARIE's categories of employees; correct?

D. COBAN: Can we maybe similarly take this away over the break, and see if we can get better insight into that question?

PRESIDING COMMISSIONER SIDLOFSKY: Sure.

D. COBAN: Because I think Mr. Walker explained that he wasn't personally involved in it. So it would be helpful to clarify that point, if it's useful to you for the decision.

PRESIDING COMMISSIONER SIDLOFSKY: That's fine. No, it's very useful. At least I'm going to speak for the Panel here. It's very useful because I am trying to understand how much work is really required

here. So if you used MEARIE's categories that seems like a different amount of work than if you did your own and then MEARIE in the background somehow changed those lists. So I would like to know that after the break.

D. COBAN: We will do our best to get you that response after the break.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you. We will break for 45 minutes, back at 1:45.

--- Upon recessing at 12:59 p.m.

--- Upon resuming at 1:50 p.m.

PRESIDING COMMISSIONER SIDLOFSKY: Ms. Coban, maybe we can hear from you first?

D. COBAN: Thank you. And thank you for the opportunity to consider this over the break so we can come back to you on this issue.

What we were able to confirm over the break is that the data that's provided to MEARIE is based on a high-level qualitative self-assessment of the fit of a particular job to that MEARIE scope that we saw in the study. We don't actually share our job description with MEARIE, we just provide a high-level fit assessment as to whether we think that particular title, you know, matches or doesn't that particular job.

We don't know how, then, MEARIE takes that information and that qualitative self-assessment and turns it into the derivation of the benchmark. We

also don't know how other utilities are performing that self-assessment because it is a qualitative assessment.

We also did want to point to you, and if we want to pull up the MEARIE study we can see this in that table where we see all the positions, is that for every job in this study there is a different peer group. And we see this very clearly from the high degree of variability in the number of incumbents reported in each. We also don't know what the representation is of utilities that reported incumbents, and we also don't know if there's a disproportionate weighting of some utilities that have greater incumbents in that particular role who may be -- their data may be weighed heavily in the derivation of the benchmark. We don't know any of those things in comparing the Elexicon position to that benchmark. So I just wanted to bring that point to your awareness as well.

And then the third item, which relates to the comparison of any MEARIE analysis to Mercer, that comparison is also highly problematic. And it's because the Mercer study is done on the basis of grades, which can include a number of positions, but the MEARIE survey is at a position level. So we really don't have the ability to match the Mercer grades with the MEARIE positions it would be really looking at apples and oranges.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, thanks for that. So if I can summarize what you told me, you can't do what's being asked?

D. COBAN: Not in a reliable way.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Gluck?

L. GLUCK: Maybe we could go to page 209 of the compendium, please. I had assumed I got my information from somewhere and when I read this previously, and I think this is what they're describing, is that the company essentially gives the title of the job that they are entering into the survey, that's the first line in this table, and then they match it to a benchmark job. And then the qualitative part of it that I think I just heard is about this plus/minus thing that's in the next row. They basically advise whether they believe their position has more scope or less scope than the benchmark job.

So the part about where they are unable to do it, I think it appears to be based on the way the survey is done, that that part of it would be possible. The part where any caveats they want to put around it and the weight that should be put on it in their view is obviously something they can provide in response, but my view is that this is a very legitimate alternative view of their compensation benchmarking when all we have right now is a Mercer study that does not include pensions, first of all.

And compares Elexicon to utilities that are much larger than them and most of them aren't in Ontario. So I think it provides an alternative view, and to the extent the company can do it, I think they should do.

PRESIDING COMMISSIONER SIDLOFSKY: And, Ms. Coban, you are telling me you can't do it?

D. COBAN: We are not able to do it, just on the basis of the data. Because we don't know how that qualitative assessment that you can see here is actually translated by MEARIE into the derivation of the benchmark. So putting our data against a benchmark, in addition to the other challenges that I express, which is that every particular job has a different peer group. And we don't know the composition of that peer group and the weighting of data points within that peer group. All of that information for us to do a meaningful analysis would require us to go and engage and look underneath that data set to really understand if the comparison is valid, and that would take significant time, as you can appreciate.

PRESIDING COMMISSIONER SIDLOFSKY: Is part of what you're suggesting then that, and I am not going to put words in your mouth, but I am going to ask if I am right in my understanding of this, Elexicon has given MEARIE certain information about its staff complement. And I think what you're saying is that

once that information goes to MEARIE, Elexicon doesn't know what MEARIE does with it. So to pick an example, only because they are two categories that are similar, an executive assistant and an administrative assistant. Are you suggesting that Elexicon may have given MEARIE information about an assistant, for example, and MEARIE then categorizes it in its own way? So I guess what I am asking is once you fill out MEARIE's form have you lost control of the categories of your staff and then you don't know what MEARIE does with that afterwards?

B. WALKER: I don't think I can answer that question, other than the qualitative assessment plus minus 15. That's the best assessment we give them. So we only control what we have provided in the survey.

D. COBAN: Yeah, we have control and visibility into our data. Once our data enters the survey, we have no more visibility into how that data is being used, how it's being translated, how it's being analyzed and the derivation of terms.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Now Mr. Gluck told you that -- told the witness panel that he had prepared a chart, I think that it's at page 243 of the compendium, he had put together a comparison of four jobs that Elexicon -- four jobs that form part of the MEARIE study. Now I take your objection to that and, fair enough, that's fine. But

Mr. Gluck was able, in some way, to do that for four jobs. I take it you can't do that for the rest? And, to be clear, I am not suggesting that he is right, I am suggesting that he sat down and did it.

D. COBAN: I think there is an important difference here between looking at the title of a job and really understanding the scope of that job, relative to the comparison of that data in other peer group. And what we are seeing here is really just a title comparison. We don't have visibility in this analysis as to the underlying responsibility of that job and how they compare to the peer group. And what we do know is that the MEARIE assessment is based on a qualitative self-assessment of that fit. And we -- and that's the only information we have in terms of how the data is reported to MEARIE and we don't know what MEARIE then does with that qualitative assessment for the purposes of deriving the benchmarks.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thanks for the further context on that. The panel is not going to require you to give an undertaking on this. We will just remind you that the MEARIE survey is on the record, Mr. Gluck's calculations are on the record, I am sure we will hear about those in argument if they come up. But we won't require you to do the further work to satisfy an undertaking.

D. COBAN: Thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Gluck?

L. GLUCK: Thank you. If we could just -- I just have a follow-up question from right before we took the lunch break. If we could go to page 247 of the compendium, please. And right before the lunch break you mentioned that, based on your recollection, there is a $900,000 issue in this chart with respect to the incentive pay versus the base pay; do you recall that?

Z. ISLAM: Yes, correct. And just for the record, we were able to validate the exact amount in relation to that adjustment and, actually, I had misspoken earlier. The correct amount is approximately $400,000 and it relates to the management and the non-union category.

L. GLUCK: And that $400,000 is management and non-union, and just in one year, that's 2027? Or is it 2026 and 2027 the same amount?

Z. ISLAM: It's in the 2027-fiscal year.

L. GLUCK: Okay, thank you. If we could go to page 114 of the compendium, please. And if we look at the common corporate department here, I understand that between 2025 actual and 2027 forecast the increase is about 14 and a half million dollars; is that correct?

Z. ISLAM: Mathematically that seems to be the approximate.

L. GLUCK: Thank you. And in terms of the total

increase in OM&A between 2025 actual and 2027 forecast, by my math it's about $18.4 million, once you back out the DVA adjustment from 2025?

Z. ISLAM: You're referring to the last row over here, Mr. Gluck, in terms of the 2025 actuals and 2027 test year?

L. GLUCK: Yeah, the total OM&A budget. So 61 plus 2.6 relative to the 82?

Z. ISLAM: That would be the approximate -- approximately, once you include the DVAs.

L. GLUCK: Right, thank you. And so in terms of the total OM&A increase between 2025 actual, which is the most recent actuals, and 2027, based on the numbers we just discussed. It looks to me that about 79 percent of the increase is related to the common corporate service department; is that fair?

Z. ISLAM: Subject to check on the percentage, but that would be the math.

L. GLUCK: Okay, thank you. And I would like to discuss a few programs within the common corporate services division. If we could start with the legal and corporate Secretariat, you will see in this table that the cost for that division or program increases from 4.3 million to 6.9 million between 2025 and 2027; is that correct?

S. VETSIS: That's correct.

L. GLUCK: And that represents an increase of about 59 percent; is that also correct?

S. VETSIS: I will trust you on the percentage, Mr. Gluck. I am unable to calculate that in my head right now.

L. GLUCK: Thank you. If we go to page 254 of the compendium, please. And if you just scroll to line 9 there, I understand that the CEO office budget forms part of the legal and corporate Secretariat budget. And within that CEO office line that we will talk about in a minute there are basically two sets of costs, and this is what's described starting at line 9. So there are CEO office costs that are charged back to the company through a management fee and then the remainder of the budget in that category is related to costs associated with strategic initiatives and corporate memberships; is that correct?

S. VETSIS: That's correct.

L. GLUCK: Thank you. And if we go to page 270 of the compendium, please. Here I took the CEO office budget for 2025 and for 2027, and then I backed out the Elexicon Corp. charge, which is the management fee that we were talking about that's set out in Appendix 2-N, to derive the amount that's remaining for strategic initiatives in the CEO office; does it appear that I did the math correctly here? If you want to walk through all the tables we can, I have them.

S. VETSIS: I believe so.

L. GLUCK: Thanks. And so my actual question is: What are the strategic initiatives and membership fees in 2027 that will require spending of approximately $900,000?

S. VETSIS: So, Mr. Gluck, you know, as part of Elexicon's corporate strategy, we have I think 10 or 11 strategic initiatives which underpin that. The costs related to strategic initiatives would be either additional consultant support, or additional external support, to help drive some of those strategic initiatives over the period, you know, gain access to best practices, et cetera. This is a key area for both enabling the corporate strategy and helping with Elexicon's transformation.

And, you know, to give you an example of one that would be occurring in 2027, one of our initiatives, a productivity-related one, where we are looking to establish a framework for the future post go live of our Dx NEXT to track productivity initiatives. You know, again, there is multiple niche fives in our corporate strategy.

The other element, as well, is the reinstatement of strategic off sites. Historically the organization used to have off sites with both -- with its Board and its ELT. These are opportunities for the leadership and the Board to connect and take a long-term view for the organization, separate from the day-to-day governance you would see in a typical

Board cycle. And so part of the incremental costs are to fund those initiatives as well.

L. GLUCK: Thank you. If we could go to page 273 of the compendium, please. And starts at line 13 here, and it says that the company explains that the internal legal counsel limits the need for more costly external legal services; do you see that?

S. VETSIS: I do.

L. GLUCK: And I understand that a senior legal counsel was added in 2024; is that also right?

S. VETSIS: That's correct.

L. GLUCK: And can we go to page 277 of the compendium, please?

And this table shows the forecast of all external legal costs across the company that are not directly related to the current application; is that a correct understanding of this table?

S. VETSIS: That is correct.

L. GLUCK: And I couldn't find it anywhere. Can you either provide me a reference or undertake to expand the table to include the historical period to 2020, please?

S. VETSIS: Mr. Gluck, it's a bit of a manual exercise. We will see what we can do on a best-efforts basis.

L. GLUCK: I appreciate it, thank you.

T. HOBBINS: That will be undertaking J-2.3.

**UNDERTAKING J-2.3: Elexicon to undertake on a**

**best-efforts basis to expand a table regarding legal costs to include the historical period to 2020**

L. GLUCK: Next, I would like to discuss the costs associated with the current application. Can we go to page 287 of the compendium, please?

And this table here just puts together the forecast one-time costs from the pre-filed evidence, and compares them to the updated costs that were provided in JT-4.6, so we could see them next to each other.

And I just want to first confirm that the $8.7 million cost that's in the middle column is the amount that the company proposes to amortize over five years, and recover one-fifth of that in the 2027 OM&A budget; is that correct?

S. VETSIS: That's correct.

L. GLUCK: And the forecast legal costs associated with the current application increased from $1.3 million to $2.1 million between the pre-filed evidence and the undertaking.

Can you explain why that is?

S. VETSIS: I think there are a few factors which led to the update of the application costs. One was some of the additional steps that we had during the proceeding which weren't anticipated, you know, expert reply reports, two IR rounds, you know, evidence update, the presentations, et cetera, that

occurred. We experienced higher volumes of interrogatories than anticipated, which led to some incremental support costs.

And I think just overall, you know, when we prepared the forecast initially in the application I think we overestimated the capacity of the organization to absorb some of the elements to this application. You know, we have talked about how this is the first rebasing application for either entity for more than ten years, you know.

And the -- between both, you know, the Dx NEXT initiative, the transformation, the application, the lack of experience, we required additional external supports to ultimately deliver a record of the quality necessary for an application.

And I would note as well, you know, when we look at application requirements, they don't really vary for custom IR from utility to utility based on size. And, you know, this -- when I think of Elexicon and our team, we are delivering this application with a very, very lean team. Just to give you a sense, my team when I was at Hydro One for just load, rates and policy, is the size of the entire division that I manage now at Elexicon, which has both stakeholder relations and regulatory affairs.

So I think it's just a mix of all those factors led to the need to ensure that we leveraged additional support, to support all the analysis in

the work that took place for this application.

L. GLUCK: Thank you.

And with respect to the internal labour costs line, can you explain why the forecast would change from the pre-filed relative to the undertaking? I had originally understood that the internal labour line is related to the salaries and benefits associated with the employees that are seconded to the application.

S. VETSIS: That is correct. The value that you see in the pre-filed were numbers that were kind of finalized earlier in the year, in 2025. You know, at the time we had anticipated to onboard two incremental staff from regulatory affairs to support the application.

What we found in practice was the ability to attract the calibre of individuals that we needed to support this application was such that we needed to pivot our strategy and upgrade the titles of the two positions to get the experience that was necessary to deliver on this filing. And so as a result, the internal labour costs reflect the revised levels of those positions.

I would note, however, from a 2027 OM&A perspective, that update on the OM&A side has not occurred. And so Elexicon will carry that incremental cost over the rate period.

L. GLUCK: Thank you.

If we go to page 146 of the compendium, please? And I had a brief chat with the first panel about bad debt. And I was just looking to confirm whether the bad debt expense experienced in 2021 was also impacted by the COVID pandemic.

Z. ISLAM: Given that we were still under the COVID lockdown during 2021, I would expect there would be some effects of the pandemic in that number.

L. GLUCK: Thank you.

And my last set of questions are with respect to customer engagement. If we could go to page 163 of the compendium, please?

And in the middle of the page here, in bold -- and this number is mentioned a number of times in the application and in various other places in the record. It says that the customers through the survey provided support of -- sorry, what does it say? It says:

> "This iterative process resulted in a plan that customers agreed balances priorities with costs, receiving 79 percent of support." (as read)

Do you see that?

S. VETSIS: I do, yes.

L. GLUCK: And that 79 percent support figure comes from the Phase 2 survey; is that right?

S. VETSIS: That's correct.

L. GLUCK: And can we go to page 175 of the

compendium, please? And the question asked with respect to the company's overall plan, and it's at the top of the page here. It says:

> "Considering what you have learned about Elexicon's 2027 to 2031 draft plan, and that this may result in a $22.71 increase in the distribution portion of your monthly electricity bill between 2026 and 2031, which of the following best represents your view?" (as read)

Do you see that?

S. VETSIS: I do.

L. GLUCK: And then it gives four potential responses, along with the response that, "The customer does not know." Is that right?

S. VETSIS: That's correct.

L. GLUCK: And with respect to the four possible answers available, three of them are counted as social support in your 79 percent figure; is that correct?

S. VETSIS: That is correct.

L. GLUCK: And within that 79 percent, the majority of the customers that responded to the survey actually answered that:

> "I don't like the proposed bill increase. But I think it is necessary to maintain the grid to a reasonable standard." (as read)

Is that also correct?

S. VETSIS: That is correct. And if we could go to CCC-10? This interrogatory asked about the structure of the question that was put to the customers. And in the response, you know, Innovative discussed that the question is designed to measure the willingness to accept the proposed investment plan and that fundamentally there are multiple ways that people can support, either wanting Elexicon to do more than proposed, accepting the plan as proposed, or disliking the increase, but viewing it as necessary to maintain the grid to a reasonable standard and prepare for their future.

Alternatively, non-acceptance is more straightforward for the purposes of calculating straightforward social permission, because either they provide it or they do not.

L. GLUCK: Thanks. So based on that response, really the answers provided are all about getting people to accept the plan; is that right?

S. VETSIS: The answers provided -- the way the question is structured is to get an understanding of the level of support for the plan as to whether, you know, customers support the investment that's associated in a few different ways.

L. GLUCK: Thank you. And given the answers that were made available to customers, if a residential customer reads the plan, concludes that they don't like the increase but the grid has to be

maintained, there is no answer available to them that says:

> "I accept that the grid must be maintained, but I think the proposed plan costs too much and more efficiencies should be found."

Is that fair?

S. VETSIS: Through the customer engagement process, Mr. Gluck, customers had the opportunity across multiple investment outcomes to choose different levels of investment. They could choose a greater level of spending, a lower level of spending, a level of spending in line with the draft plan.

And as they went through the survey, they get to the point at the end where they are shown a summary table of the overall total increases. And they get a choice to put their support in that category.

And so again, customers had that lens to provide feedback as well. And overwhelmingly, the line -- the support from customers was around the draft plan.

L. GLUCK: Thank you.

And yesterday you had a discussion with Commissioner Dodds near the end of the day about the customer survey; do you recall that?

S. VETSIS: Vaguely.

L. GLUCK: And in response to his questions you said that to get actionable insights from customers, you have to give them the appropriate context; do you recall that as well?

S. VETSIS: That is correct.

L. GLUCK: And in the Phase 2 customer engagement, beyond some high-level graphs that show operational costs, in all of the spending scenarios that you just referenced that you asked people, you know, "Should you spend more, less or the same amount," all of those spending scenarios are premised around capital programming; is that correct?

S. VETSIS: I wouldn't fully agree with that. They were focused on investment outcomes. The bill impacts that were shown to customers were inclusive of both OM&A and capital.

L. GLUCK: The bill impacts were. But the scenarios provided, when you asked the questions about system renewal or grid enhancement, all of those were very capital-focused questions; is that fair?

S. VETSIS: They were system outcome-focused questions. You can't have one without the other, of course. OM&A supports the delivery of capital, OM&A supports the investments in the community, you know. There's, for example, the section on general plant is about the organization and rules, and having those delivered, that those are both capital investments in the form of facilities and fleet as well as, you know, OM&A investments such as software, et cetera.

L. GLUCK: And nowhere in the survey does the company provide the context that operational costs

are driving the majority of the bill; is that fair?

S. VETSIS: That's fair. But I would say a customer doesn't experience an operational impact and a capital impact. They experience a total bill impact, they experience a dollar change. And so we communicate it to them in the language of what they experience, the dollar change associated with the level of investment that was described in each of the three scenarios. And, as I stated, those three scenarios included both capital and OM&A.

L. GLUCK: Thank you.

And nowhere in the survey does it explain that a major driver of the base is changes to compensation and a more generous incentive structure for Elexicon staff.

Does the survey mention that anywhere?

S. VETSIS: It does not get to that level of granularity. Again, as we stated in the exchange with Commissioner Dodds yesterday, you know, it's -- we work with an expert in Innovative to ensure that we provide the right level of information so that customers can make an informed decision. And that means finding the right balance between the level of detail in there, whether it -- and so -- and if I am not mistaken, if I can find you a reference, generally speaking what customers told us with the survey is that it had the right level of information.

Just give me a second the find the reference.

L. GLUCK: Sure.

S. VETSIS: Mr. Gluck, I don't want to waste your time. I am just struggling to find the page here on the fly. But there is a question in the survey that asks about the level of information. And I recall customers confirming that the level of detail was appropriate.

L. GLUCK: Thank you.

And nowhere in the survey does Elexicon provide customers with the context that it missed the cost saving levels forecast from the merger, and customers will never see the savings they were promised at the time that the company merged. Does it say anything about that?

S. VETSIS: Okay. If we could go to Exhibit 1, Tab 7, Schedule 1, attachment A. I think we are looking for page 302 in the bottom right is the number. 302. And so first off, Mr. Gluck, while we are flipping, I do disagree with the characterization of, you know, synergies promised, you know, the utilities made best efforts forecast at the time of merger. They achieved a very significant percentage of those savings at 80 percent, despite a significant changing business environment. In completing the survey we provided context regarding some of the drivers of cost increases for Elexicon, we provided context regarding some of the, the savings that had appeared, some context of -- regarding the

benchmarking. And then at the bottom of the page here, you know, we give some context that, you know, for regarding the length of time since Elexicon's rebasing and that the, you know, rates have been held inflationary levels for more than a decade, and that costs have been increasing to address these challenges. And so there was context provided in many different areas regarding our application.

L. GLUCK: Thank you. And is it correct that at the time that the merger was announced more widely, not just the rate case, not just the MAADs proceeding, the company at that time was advising customers that they should expect savings, the merger is going to drive cost effectiveness and they will pay lower costs in the future because of the merger; is that something that the company would have said at that time?

S. VETSIS: I believe they would have said lower costs than what otherwise would have occurred had the utilities been separate, not an overall, necessarily, decrease in the costs. And I think, through this application, we can see that Elexicon was able to hold to that promise. Elexicon was able to achieve 80 percent of the synergy savings that were forecast, despite the fact that the circumstances arising from this business drove a need for investment at more than -- like, we are at a point now where we are at more than double what was contemplated at the time of

that merger. And so, again, I would say that we have achieved what was said to customers.

L. GLUCK: And the OM&A costs that you, the company, is seeking funding for in 2027 in this application is about $30 million higher than it had forecast at the time of the merger? You had this conversation with Mr. Rubenstein yesterday.

S. VETSIS: Yeah, we extensively covered this yesterday. It is a percentage higher. The capital program today is more than double what it was before. The -- we have a significant capacity constraints. We have experienced intense inflationary pressures. We have experienced a transformation from -- in the complexity of the cyber environment, and so on and so forth.

L. GLUCK: Okay. Thank you, panel. Those are my questions.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr. Gluck. Moving on to Pollution Probe and BOMA. Mr. Li, I take it you're on for both again?

C. LI: Yes, that's correct.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. I hope you are feeling better today too.

C. LI: I think I do. Thank you.

PRESIDING COMMISSIONER SIDLOFSKY: It's good to hear. Go ahead, Mr. Li.

**CROSS-EXAMINATION BY C. LI**

C. LI: Good afternoon, panel. My name is

Clement Li, I represent the Building Owners and Managers Association of Toronto, or BOMA. As with the first panel I will be asking questions on behalf of Pollution Probe and BOMA this afternoon. Again, I plan to cover Pollution Probe's questions first and then followed by BOMA's questions. I will let you know when I move from one to the other.

By the way, after I reviewed the transcript from yesterday I realized that I did not put in an appearance for Mr. Brophy from Pollution Probe. I am not sure if that was necessary because he is not here. But at the same time, since I am asking Pollution Probe questions which were drafted by Mr. Brophy, I figured I should mention it and put it on the record.

In terms of timing, Pollution Probe and BOMA together, we are supposed to have 30 minutes. I am pretty sure that I will be quicker than that, just a heads-up. Any way, without further delay I will start with Pollution Probe's questions.

Can you please pull up yesterday's transcript, page 23. Line 21, Mr. Vetsis, you said -- I am just reading:

> "At the time when we prepare our application we had proposed harmonization immediately in the first year." (as read)

And I jump a few lines, and then at line 26, and then you said:

"There are opportunities through both the lengthening of the harmonization process as well to help mitigate that initial year." (as read)

Given that's what you said yesterday, what is Elexicon's proposal for the rate harmonization period now? Are you proposing one year or are you proposing a longer period now?

S. VETSIS: Mr. Li, you know, I think our -- I think our current proposal remains the first year, however we are open to harmonization over a longer period. Perhaps, maybe just I recognize there is a bit of a challenge from an information perspective. Would it be helpful if we were to provide an undertaking to show the bill impacts that would be associated with a five-year harmonization of rates to show the smoothing impact that that may have upon 2027, so that as we head into submissions people can make their positions known on a more informed basis?

C. LI: Absolutely. Actually, I will go there because I actually have -- I appreciate that, but hold your thoughts there. I will get to that part. Okay?

T. HOBBINS: Mr. Li, are we taking this undertaking?

C. LI: No, let's wait, let's wait.

T. HOBBINS: Okay.

C. LI: Let's wait. I appreciate it, let's

wait. And in a few questions I will go there again. But thank you, though. So you -- okay, let me read -- refresh my memory a little bit.

So you're saying that you are open, Elexicon is open, for longer harmonization period. Are you talking about five years still? You are talking about within this rate term; right?

S. VETSIS: Yes, through the settlement proposal the parties have agreed that harmonization will occur, it's whether at what point or timing, I believe, over the period is what's at issue for submissions. Elexicon's view would be that by the end of the rate term it would -- yeah, no longer than five years, and we can provide that scenario as an undertaking.

C. LI: Okay, okay. Okay, thank you, thank you for the confirmation. I will get there, I promise. You know what? That is actually all for Pollution Probe and I am now going to move on to BOMA's questions.

If you go to your pre-filed evidence -- well, you don't really have to go there, let me just talk through it. For reference is Exhibit 8, Tab 1, Schedule 1. You mentioned that one of the policy -- OEB policy that you're using is 2016 handbooks to electricity distributor and transmitter consolidations. When it comes to determining the harmonization period, how long it is, is that the

only OEB policy that Elexicon rely on? Do you look at other --

S. VETSIS: Sorry, Mr. Li, I will be honest. I do not remember every page of Exhibit 8, is there a page that you are looking at so we can get it in front of us on the screen?

C. LI: Sorry, let's go there. So your pre-filed evidence, Exhibit 8, Tab 1, Schedule 1, page 1, line 16. Sorry about that. So you see that, so you mentioned that you rely on 2016 handbook, right, the OEB's handbook. My question, again, is that -- is that the only OEB policy that you rely on when it comes to determining the harmonization period?

S. VETSIS: I am not aware of any other, off the top of my head, of any other OEB documents related to the harmonization of rate zones. You know, I would note that I think -- yes, I am not aware of any other OEB policy documents on this matter. And so I think, at the time of merger, there was contemplation and the utilities had indicated that when they came for rebasing they would bring forward proposal for harmonization to harmonize the rates across the rate zones. I think, you know, as parties to this application we have come to the agreement that should occur. You know, I think ultimately what we want to do is find that right balance between finding ways to smooth the impacts on our customers, as well as with the balance against the regulatory complexity that's

associated with keeping multiple rate zones for a longer period of time. And so I think our view is that it would be no period longer -- like, that five years would be the maximum length of time to complete the harmonization. And that we would start the next rate term under a fully harmonized rate structure.

C. LI: Right, thank you. Have you looked at harmonization periods approved for any other merged distributors in Ontario in the last 5 to 10 years, let's say, for example, Hydro One? Like, did consider their options and does it fit for Elexicon?

S. VETSIS: My recollection, although it's been a few years, was that Hydro One most recently was not harmonizing that for its acquired utilities, such as like -- God, I have forgotten the name. Norfolk Haldimand, et cetera, were put into separate acquired rate classes rather than harmonized against the broader pool of Hydro One customers.

C. LI: Right. Have you considered those options? I am just curious.

S. VETSIS: Again, Mr. Li, in the settlement proposal the parties agreed to the scope of harmonization and the approach that would occur. I think what was left was the period over which it would take place, would it be immediate or gradually over the term. And so, again, I think through settlement we have aligned it on the overall scope and the approach, it's the pace that's still up for

grabs.

C. LI: Fair enough, fair enough. Can you -- this is where the undertaking comes in, so can you turn to your IR response 8-Staff-156 that was filed on May 8th, 2026, if it helps? So in -- there we go, okay. So in this IR response you provided a bill impact comparison among one year. Is it the right one? Can you scroll down a little? 154. Not 156, I am sorry. Did I say 156? It's 154, yeah. There we go, okay.

So in this response you provided bill impact comparison among 1-year, 3-year, 5-year harmonization period by rate class by rate zone. So I assume that you would say yes, but I was going to ask you to undertake to rerun this 1, 3, 5-year harmonization scenario on the settled basis. And also, if possible, with the updated costs of capital parameters by rate class and by rate zone.

Now, just want to point out that in this IR, if you scroll down just, like, Table 1 and Table 2 in this PDF file, that is just a summary. I am asking for the full bill impact numbers in the Excel attachment, which you also provided in this original IR response. And, in addition, for each of the three harmonization scenarios, can you also do a 1-year, group 2, DVA disposition scenario? So this request, I am basically withdrawing J-1.3 from yesterday because this undertaking will also cover that.

S. VETSIS: I hope I am not misunderstanding. I think you just asked me for 12 scenarios?

C. LI: No, no, I think it's 6.

S. VETSIS: So --

C. LI: The 3-year, right --

S. VETSIS: So we have a 1-year value.

C. LI: Yes.

S. VETSIS: The settlement parameter -- sorry, the 1-year harmonization, that scenario --

C. LI: Yes.

S. VETSIS: -- per the settlement is on the record, that was filed as an attachment.

C. LI: Right.

S. VETSIS: Okay.

C. LI: Yeah, yeah.

S. VETSIS: So we can run a 3 and a 5-year harmonization scenario.

C. LI: Right.

S. VETSIS: I would suggest that for comparability sake, because ultimately you're looking at a relative value, that we do it on the settlement proposal amounts, just to see the relative value. Otherwise I would have to run more -- like, more additional scenarios --

C. LI: You know what? That's fine, that's fine, I can take that.

S. VETSIS: Okay.

C. LI: So that would save some time, yes, I

agree. But then, but then to add the 1-year, so that just --

S. VETSIS: So it will be effectively five tables then.

C. LI: Yeah.

S. VETSIS: A 1-year, 3-year, 5-year harmonization scenario with a 1-year -- and so I just want to be sure we want this, because I will reiterate as well with yesterday, because disposing of group 2 accounts in 1-year increases the rate impact in 2027, the year which already has the highest rate impact; is that a scenario you truly want?

C. LI: I understand that, but I could be wrong. That's why I actually want to see it. Because it looks like, when I look at the numbers, it looks like a 1-year, group 2, DVA disposition gives all the commercial classes a lower average bill over the term, but with the 2027 spike I understand that. But then with a longer harmonization period I think that would mitigate the '27 spike and together that might be the best scenario for our members over the entire period. So that's why I am asking.

S. VETSIS: Okay, Mr. Li. We will provide a 1-year, 3-year, 5-year scenario with a 1-year disposition period and a 3-year, 5-year scenario with a 5-year disposition period for the group 2 deferral accounts.

C. LI: Wonderful.

S. VETSIS: If that's your proposal.

C. LI: Yes, thank you, thank you.

T. HOBBINS: Okay, that's undertaking J-2.4.

S. VETSIS: Sorry, let me just -- we will make best efforts to, because, you know, there are a lot of Excels in there.

**UNDERTAKING J-2.4: Elexicon to provide on a best-efforts basis a 1-, 3-, and 5-year scenario with a 1-year disposition period and a 3-year, 5-year scenario with a 5-year disposition period for Group 2 deferral accounts**

C. LI: Okay. I understand. Okay. And finally I have only one last question assuming -- well, okay. Elexicon is open to multiple year harmonization period.

So can you please turn to settlement agreement page 43? If you go to the bottom of the page the last paragraph. Okay, there we go. So parties have agreed that all the non-residential classes above the fixed charge ceiling in '27, based on the cost allocation model, the fixed charge will be held constant for the remainder of the rate term.

Now if we are planning on phasing in the harmonization period, I think at least one class, maybe two, would be a little bit tricky. Given what we have agreed in the settlement agreement about the fixed monthly charge, for example, the Whitby rate

zone, a GS3000 to s 4999 kW rate class, the current monthly fixed charge is, like, less than 250 bucks. And then the endpoint is over 4,000 per month.

So how -- I don't have a solution. I think it may be -- but I am just wondering, how do you plan to deal with that?

S. VETSIS: Why don't we undertake to show a sample calculation of how that would look, Mr. Li?

C. LI: Right. And that might deviate a little bit from the settlement agreement I guess. That's ultimately what I am asking. But, yes, let's do that and see what it looks like.

S. VETSIS: We will show an illustrative calculation and show how it is aligned with the outcomes of the settlement.

C. LI: Okay, okay.

T. HOBBINS: Okay that's undertaking J-2.5.

**UNDERTAKING J-2.5: Elexicon to an provide an illustrative calculation and show how it is aligned with the outcomes of the settlement**

C. LI: Okay. And thank you. Those are all BOMA's questions for this panel. Thank you very much.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr. Li.

Moving on to the power workers. Ms. Bruckner?

H. BRUCKNER: Thank you.

**CROSS-EXAMINATION BY H. BRUCKNER**

H. BRUCKNER: Hailey Bruckner for the Power Workers' Union. We have reserved ten minutes for examination, though I don't anticipate that we will actually need the full ten minutes.

To start off, could I ask you to pull up the SEC compendium at page 2, please? So this is JT-3.8. And I just want to return to a conversation that was had during Mr. Rubenstein's examination earlier. I believe, and please do correct me if I am wrong, that during Mr. Rubenstein's examination you confirmed that the historical and forecast FTEs set out in Table 1 are the most up-to-date FTE numbers in the evidence on this application; is that correct?

B. WALKER: That's correct.

H. BRUCKNER: I don't think this is controversial, but I take it then that those numbers are more up to date than what was used in Elexicon's Exhibit 4?

B. WALKER: That is correct.

H. BRUCKNER: Do the FTE numbers that are set out in this chart in Table 1 take into account retirements and attritions?

B. WALKER: That's correct. This would be factoring in the ins and outs and best forecasts we have. Yes.

H. BRUCKNER: Okay. And it's my understanding that it is also anticipated that Dx NEXT is going to result in some FTE savings.

Can I take it, then, that this chart also takes those savings into account?

S. VETSIS: Yes, that is correct. These would be the values net of the savings.

H. BRUCKNER: Okay, thank you.

I have a couple of questions with respect to some of the tables in Exhibit 4. Could we just start, go to Exhibit 4, Tab 1, Schedule 1, Table 6, which I believe is on page 39 of that document? Yes, that's it. Thank you. All right.

So I am going to ask a couple of questions about Table 6 in Exhibit 4. And then I am also going to ask a couple of questions, and just to show you before I ask the question about Table 7, which is on page 43, I wonder if we can just scroll to that so the panel has the context? Thank you.

So Table 6 and Table 7 deal with the -- I will just wait till -- deal with the compound growth rates, including with respect to the FTEs. Because the Exhibit 1 is based off of the less up-to-date FTE figures, there is a bit of a variance starting as of about 2025 with respect to the numbers in these tables as compared to the updated numbers that we were looking at in Table 1.

Has Elexicon updated Tables 6 and 7 in Exhibit 4 to show the compound average growth rates for the FTEs based on the new updated numbers and forecasts?

S. VETSIS: No, we don't believe that that's

been updated.

H. BRUCKNER: Okay, thank you. So I have tried to do the math myself based on the updated FTE numbers. And so I think based on my math that the compound annual growth rates from 2024 to 2027 for the FTEs would now be 7.18 percent.

I wonder if we can just do this by way of an undertaking, if you can let me know if you agree with that math or if you get a different number for the compound annual growth rates for that time period, for FTEs?

S. VETSIS: Could you just repeat the year, from '24 to '27?

H. BRUCKNER: Yeah. So the years is the range from 2024 to 2027. And so what I am looking for is an update on the new FTE numbers as to what the compound annual growth rate would be for that period.

S. VETSIS: We can undertake to provide that.

H. BRUCKNER: Okay.

T. HOBBINS: That will be undertaking J-2.6.

**UNDERTAKING J-2.6: Elexicon to provide an update on the new FTE numbers as to what the compound annual growth rate would be for 2024 to 202 and for 2027 to 2031**

H. BRUCKNER: Thank you.

Z. ISLAM: Just to check that, if can we pull up actually 4-Staff-112? There should be an Excel attachment to that.

Yes. So just to correct, we do have those updated numbers in terms of the FTE per OM&A.

H. BRUCKNER: I may be missing it. Do you have the compound annual growth rates on this appendix?

S. VETSIS: No. I think what Mr. Islam is just showing is that some of the cost components have been updated here, next to the FTEs.

H. BRUCKNER: Understood.

S. VETSIS: If you are still looking for us to calculate the compound growth rate specifically of those FTEs, that is an undertaking that we can take.

H. BRUCKNER: Fantastic, thank you so much.

And if you wouldn't mind, could you also do it with respect to the years 2027 to 2031? I got 2.18 percent when I did it, but I would ask you to confirm it by way of undertaking.

S. VETSIS: We can do that as well, yes, as part of the same undertaking.

H. BRUCKNER: Thank you very much.

And so just returning to Table 1 at page 2 of the SEC compendium, it's my understanding based on this chart that during the 2030 to 2031 period, Elexicon's planned internal workforce headcount growth is zero percent?

S. VETSIS: There are no new positions forecast to be added after 2030.

H. BRUCKNER: Thank you. And can I ask you to turn into the settlement proposal, page 34, Table 11?

And based on my review of this chart, during that same time period, 2030 to 2031, the settled gross capital expenditures are going to grow from 163 million to 199.2 million. Do I have that right?

S. VETSIS: I am sorry, could you say those numbers again, please?

H. BRUCKNER: Sure. So based on my review of this chart, the settled gross capital expenditures during that same time period are going to grow from 163 million to 199.2 million?

S. VETSIS: Yes, I see that.

H. BRUCKNER: Okay. And can I ask to go down to Table 12 which is on page 36 of this same settlement proposal?

All right. So again talking about the that same time period 2030 to 2031, based on my review of this table, the settled total gross in-service additions are going to grow from 146.1 million to 256.6 million?

S. VETSIS: That's correct.

H. BRUCKNER: And if we can just continue down to Table 17 which is on page 42 of the settlement proposal? Right.

And so again looking at that same time period 2030 to 2031, the settled total customers and connections number is set to increase from 242,303 to 245,773?

S. VETSIS: That's correct.

H. BRUCKNER: Just taking that context, I want to return to some of the conversation you were having with Mr. Rubenstein this morning about the front-loading of Elexicon's hiring process. And my big question on this is really just how does Elexicon plan to successfully manage this significant increase in physical asset delivery and customer connection during this, you know, tail end of this time period, with zero additions to the FTE headcount?

S. VETSIS: Ms. Bruckner, we will manage it using kind of a few factors. I would note one thing, before describing is you showed a pretty large increase, ISA, in the last year, 2030. I just wanted to flag that that's -- the biggest driver there is actually the GTA East station, which is being in-serviced in that final year. It's a sizable investment, $100 million. But it actually is the result of work that takes place over multiple years. It's a multi-year project period of time.

So I just wanted to make that observation from an ISA perspective that it looks -- while that looks like a huge jump, it's actually one project that has been running for a couple of years.

You know, when we talk about how we are going to deliver all that extra work, I think there is a -- I think we covered most of the factors earlier with Mr. Rubenstein and -- yesterday. I think it's a mix of, one, leveraging efficient tools through our Dx NEXT

initiative, through better access to information, better tools, we anticipate to support greater throughput for the organization for capital delivery. It's through building foundational capabilities. And so we talked about those earlier. You know, making sure we have detailed project management structures in place to deliver these large, multi-year stations projects that we have, that we establish MSAs with external providers to help deliver additional volume, that we put vendor management in place to ensure that we are managing the safe delivery of work provided from our external providers.

You know, it's a combination of structural, you know, building structures, having appropriate governance, putting efficient tools, as well as levering a mix of external and internal resources to deliver on a growing work.

Another thing I would note as well there is a lot of kind of multi-year projects in our plan as we build up the stations portfolio to a sustainable level. And, again, it's some of the work, the seeds for that work get planted in the earlier years before you see larger in-servicing; the period goes on.

I hope that answers your question.

H. BRUCKNER: It does, thank you. One of the terms I think I heard you use earlier today in your evidence to describe Elexicon's program was ambitious; do I have that right?

S. VETSIS: Yes.

H. BRUCKNER: If you were in a situation in which you weren't able to front-load the hiring process as proposed in the application due to financing or budgeting constraints, is there a risk that Elexicon would be unable to deliver on its program?

S. VETSIS: I would say that, you know, delivery of the program is contingent on a just and reasonable level of OM&A funding to support the overall delivery of that work program.

H. BRUCKNER: Thank you. Those are all of my questions for this panel.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Ms. Bruckner. And we are on to Board Staff, Mr. Hobbins. And I will just ask at this point if you could think about an appropriate break somewhere between 3:30/3:45 somewhere in there, thank you.

**CROSS-EXAMINATION BY T. HOBBINS**

T. HOBBINS: Good afternoon panel, my name is Tobias Hobbins. I am appearing today as counsel to OEB Staff. I am joined by Vithooshan Ganesanathan to my left, who is the OEB case manager on this file. I anticipate finishing up in about an hour or maybe an hour and a half. Much of our questioning has been covered by the parties who have preceded us.

I would like to begin with some questions pertaining to people and culture costs. If we could

pull up Elexicon Energy's response to 4-CCC-52? If we could scroll down to (c).

And just looking at this Table 3 here, we see that training costs and the people and culture segment increase from 1.82 million in 2025 to 2.91 million in 2027; is that correct?

B. WALKER: That is correct.

T. HOBBINS: Would you agree subject to check that that is about a 60 percent increase in costs?

B. WALKER: Yes, I would agree with that.

T. HOBBINS: Earlier this morning we heard an exchange with Mr. Rubenstein and Mr. Walker, that there was about an 18 percent increase in total FTE in 2025 and 2027; does that sound about right?

B. WALKER: That sounds about right. Yes.

T. HOBBINS: Can Elexicon Energy explain the drivers of this 60 percent increase in training costs in light of the 18 percent increase in the staffing?

B. WALKER: So training is correlated to FTEs, but it's not the sole determinant. So it's not easily a one-for-one comparison.

We are going to be creating an internal training program that's centralized to ensure that we have a consistent look and feel to our training that covers a variety of different areas and ensure that we have the right skill sets within jobs and for the future as well.

And we know that an investment in training is

going to be critical when we have roughly I believe 50 percent eligible employees can retire over the rate term. So that investment in internal talent is going to be important to ensure that we have the right leadership, skill retention, and newer employees coming in.

The program also deals with trade and technical and apprenticeship programs as well which comes in on a cyclical basis.

So with the growth in FTEs and the requirements that we are putting in place to turn out a skilled workforce, that is where that investment is going.

T. HOBBINS: Are there details on the record about that training program that you were mentioning?

B. WALKER: No. But I would be happy to supply an estimated breakdown if that's helpful across the categories that we look to invest in.

T. HOBBINS: We could take that as an undertaking if you're willing to do that.

B. WALKER: Yeah, I could do that.

T. HOBBINS: That will be J-2.7.

**UNDERTAKING J-2.7: Elexicon to provide an estimate and breakdown across the categories they look to invest in**

T. HOBBINS: Okay. Can we now turn to the evidence at 4-SEC-73? If you could scroll down to (b). Here we see a reference to a three-year contract for people and culture consulting. Are you

generally familiar with this? Toward the end of the paragraph here it says the overall cost of the program is approximately $600,000 for a 3-year period?

B. WALKER: That's correct, yes.

T. HOBBINS: And the value of that contract, would it be about $200,000 per year?

B. WALKER: That is correct, yes.

T. HOBBINS: And then if we can turn to 4-CCC-52, Table 1. Here we see an increase in consulting costs from 0.4 million in 2025 to 0.87 million in 2027; do you see that?

B. WALKER: Could you just repeat the year? Sorry.

T. HOBBINS: Yeah, we see an increase in consulting costs, the third line item, of 0.4 million in 2025 to 0.87 million in 2027?

B. WALKER: Yes, I see that.

T. HOBBINS: We have seen in the evidence that Elexicon attributes this increase to additional effort required in the final year of a three-year contract; does that generally sound right to you? We can go to the evidence if you want a reference.

B. WALKER: Yes, so the contract would have ended towards the end of 2025. The 3-year contract would have covered 2023, '4, and '5, I believe.

T. HOBBINS: Okay. Could Elexicon generally explain the work that it anticipates taking on,

following the end of that contract that's been completed in 2025? The consulting work specifically.

B. WALKER: Sorry, can you repeat the question?

T. HOBBINS: I think what we are looking for is an explanation in the consulting cost increases between 0.4 million and 0.87 million between 2025 and 2027. I think you have mentioned that your 3-year contract reaches its term, or is completed, in 2025. There is also evidence that would suggest that there was substantial amount of work that was undertaken in the third year of that contract. But we are still seeing an increase here in the consulting costs between 2025 and 2027, so we are looking for some explanation as to that. What are the drivers? What work is being undertaken there?

B. WALKER: Yeah, so it's the difference in the program from '26 to '27 that's driving the costs. So once we have the consulting completed, we then are taking efforts to develop a training program and require support from consulting. A lot of it will be on strategic developments as we enter a new 5-year period for business plan and leadership training as well.

T. HOBBINS: And that training program is what we have referred to in the previous discussion; is that correct?

B. WALKER: And as that one winds down there is another cycle that will be coming up as part of our

training program, correct.

T. HOBBINS: And for this later training program, has Elexicon filed any related contracts, scope, cost estimates for that work?

B. WALKER: With respect to our leadership developments and strategic programming we do have a scope of work that's being actively worked on right now, and there's also costs attributed to other types of training that I believe will be outlined in that.

T. HOBBINS: Okay, thank you. Okay. I'll move on to management and executive compensation. Can we pull up Exhibit 4, Tab 1, Schedule 1? And if we can scroll down to page 9. Sorry, so we can see line 6. Elexicon Energy states that it strategically paced its spending in 2027 and 2028, delaying certain necessarily operating expenditures over multiple years; is that correct?

S. VETSIS: That's correct. And I believe earlier this morning we turned to Exhibit 1, Tab 5, Schedule 1 where we showed the bulleted list of the items that were deferred.

T. HOBBINS: Can you confirm whether management and executive compensation was among the items considered for this pacing?

S. VETSIS: It was not one of the items that was deferred. We needed to ensure that we aligned ourselves with a compensation structure across the organization that would enable us to attract and

retain the talent necessary, given the significant increase we required in our workforce to deliver on an almost doubling of our work program in the coming years.

T. HOBBINS: Okay. Can we move to Tab 2, Schedule 1 of the same exhibit? And go to page 42. At lines 8 to 13, Elexicon states that its managements compensation is below market based on the Mercer study, and that the 2027 to 2031 forecast includes measures to align total compensation closer to market median over time, to retain management and attract new talent. This seems to align with what you've just said, but is this generally correct? Are these statements related?

S. VETSIS: Yes.

T. HOBBINS: You would agree that most of that alignment board market meeting occurs in the 2027 test year?

S. VETSIS: No. These amounts were reflected in 2026 costs when they were implemented.

T. HOBBINS: Okay. Can we scroll up to pages 38 and 39 of the same exhibit? If we just scroll down to, like, further down here. There is a discussion on this page and the next about voluntary turnover rate, that it has decreased, the average time to fill vacancies has decreased and the internal fill rate has increased; is that correct? It's all on the screen here if you scroll down.

B. WALKER: That is correct, yes.

T. HOBBINS: Can Elexicon Energy confirm whether it has filed any evidence of vacant management or executive position from 2020 to 2025 where compensation was the main driver of the vacancy?

B. WALKER: There were definitely departures throughout that time period for a variety of reasons, compensation being --

T. HOBBINS: Does Elexicon have numbers with respect to those departures due to compensation? And if they do, would it be possible to obtain an undertaking specifically regarding management and executives who have left the organization on the basis of compensation?

S. VETSIS: I do have a bit of a concern with the request, just given the nature of these positions. Often time they don't -- these types of departures don't occur in large numbers. And I think by providing such information you could directly identify particular individuals, you know, the personal circumstances of their departure at that level of granularity would make me really uncomfortable to share. Again, we hold exit interviews, we can confirm that we have had multiple executives that have departed, we have had multiple leaders that have departed over that period. The reasons of the departures are of myriad in nature, they include compensation, they include other factors

as well. You know, if you want a number of positions departed I think that's all right, but to try and individually attribute the role for you makes me a bit uncomfortable.

T. HOBBINS: We are willing to accept a high level number relating to management and executives. Is that something you can provide?

S. VETSIS: Again, the number of departures, yes.

T. HOBBINS: Okay.

S. VETSIS: But not the rationale.

T. HOBBINS: Not the rationale for their departure? We are looking for departures pertaining to compensation.

S. VETSIS: Again, these are often a myriad of reasons that drive people to make decisions to move on from the organization.

T. HOBBINS: But it's Elexicon's position that they are undergoing a series -- or they are facing a series of departures on the basis of compensation; is that your position?

B. WALKER: Again, I would reiterate, it's one of the reasons people have left, yes.

T. HOBBINS: And you mention that it was the primary driver, primary reason?

B. WALKER: I would say in a number of those departures it was a primary consideration.

T. HOBBINS: Okay. So we will take the

undertaking on the high level number, I will mark it as J-2.8.

**UNDERTAKING J-2.8: Elexicon to provide a high level number of management and executive departures due to compensation**

T. HOBBINS: Can we turn to page 247 of CCC's compendium? And I will acknowledge there was some discussion about issues with the numbers here in relation to the management line, but I will be focusing on the executive one here. So when we look at incentive pay as a percentage of base pay for executives, that's the first line, I believe you agreed with the 60 percent figure that Mr. Gluck has prepared, and that would be for 2027?

B. WALKER: I agreed to that percentage as a percentage of base.

T. HOBBINS: Okay. And would you agree that 2027 -- the 2027 ratio of 60 percent is above the highest ratio in any year from 2020 to 2025?

B. WALKER: We agree that's the highest percentage, yes.

T. HOBBINS: Does the 2027 forecast assume that executives earn 100 percent of their target incentive?

Z. ISLAM: We assumed it will be higher than target.

T. HOBBINS: You assume that the executive compensation will be higher than 100 percent of the

target of 60 percent?

Z. ISLAM: Specifically the incentive pay component, that's what you're referring to?

T. HOBBINS: Yes, that's right.

Z. ISLAM: So we assume that it will be higher than target for the incentive component, yes.

T. HOBBINS: Would it be possible for Elexicon to undertake to provide actual executive short-term incentive payouts as a percentage of target from 2020 to 2025?

B. WALKER: Yes, we could take that undertaking.

T. HOBBINS: Okay, thank you. That will be JT-2.9(sic).

**UNDERTAKING J-2.9: Elexicon to provide actual executive short-term incentive payouts as a percentage of target from 2020 to 2025**

PRESIDING COMMISSIONER SIDLOFSKY: Sorry, Mr. Hobbins, what was that number?

T. HOBBINS: Sorry, J-2.9.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you.

T. HOBBINS: I think this could be a natural place to take a break.

PRESIDING COMMISSIONER SIDLOFSKY: Thanks. Let's do that then. Let's come back at 10 to 4:00.

--- Upon recessing at 3:34 p.m.

--- Upon resuming at 3:53 p.m.

PRESIDING COMMISSIONER SIDLOFSKY: I am assuming no preliminary matters but -- anybody? No? Okay.

Mr. Hobbins?

T. HOBBINS: Thank you, Commissioner. Could we turn to 4-CCC-56? I am going to move to talk about Board costs. And could we scroll down to Table 3? And in this table we can see that the number of Elexicon's directors decreases from 7 to 5 between 2025 and 2027; do you see that?

S. VETSIS: I do.

T. HOBBINS: And we also see here that the number of Elexicon's board and committee meetings falls from 21 per year to 6 per year, if we look at 2025 and 2027; do you see that as well?

S. VETSIS: I do.

T. HOBBINS: And then if we can scroll up to Table 1, it's up a few pages, we see that board of directors costs increases from 0.42 million in 2025 to 0.94 million in 2027; do you see that as well?

S. VETSIS: I do.

T. HOBBINS: And that's about 124 percent increase; would you agree with that?

S. VETSIS: I would.

T. HOBBINS: So can Elexicon Energy explain these increased board costs in light of the apparent reduction in director headcount and director meeting frequency?

S. VETSIS: Sure. There's fundamentally two drivers of this change. The first being a change in the overall governance structure itself. In the past

there were two -- the Elexicon board -- the Elexicon Energy board had its own committees as well as and the Holdco had, you know, multiple committees, so there was a degree of duplication.

We have now altered our governance structure with the shift away from the unregulated side of the business. We are now -- we are a fully regulated entity under which the EE board, the regulated company board, tucks under the Holdco and leverages the committees that exist at that level. And this is a common structure that LDCs have, particularly LDCs that issue debt as Elexicon is transitioning to be. And so that transition in governance structure resulted in increased allocation of costs of the committees which are now focusing solely on Elexicon.

The other element of the change is an underlying change in the director fees themselves. The fees for directors had not changed since the time of merger. So for the past 5 years, 5 or 6 years, all those costs have been the same. And so there is a cost adjustment that's occurring that is being implemented to align the compensation of our board directors with market rates, based off of a benchmarking study. So those are kind of the two factors that lead to the change.

Overall the governance change is just a reflection of the growing complexity that the Elexicon entity, you know the fact, as I said, that

we are transitioning to becoming an issuer of debt which is most commonly held at the Holdco level.

And I would note as well this more robust governance structure which is in and of itself aligned with the benchmarking exercise that Elexicon undertook in 2022, is also very much aligned with the new expectations we have seen as a result of the announcement of the PULSE panel, the legislative changes that have occurred.

T. HOBBINS: Okay, thank you. And so it sounds like board costs would entail things like director fees and compensation. Has Elexicon -- or actually, does the Mercer study or the Mercer executive and CEO compensation reports that have been filed with this application, contain any benchmarking with respect to director compensation?

S. VETSIS: No. There was a separate benchmarking study done on board director fees which was listed in response to 1-SEC-4.

T. HOBBINS: Okay, thank you.

Would it be possible to obtain an undertaking to see that report? We could take that on a confidential basis.

S. VETSIS: Yes, we can provide that.

T. HOBBINS: That will be undertaking J-2.10.

**UNDERTAKING J-2.10: Elexicon to provide separate benchmarking study done on board director fees**

T. HOBBINS: Okay. Could we now turn to Board Staff 127? And if we could just scroll down to Table 1.

In this table we can see that stakeholder relations costs rise from 1.32 million in 2025 to 1.71 million in 2027. Do you see that?

S. VETSIS: I do.

T. HOBBINS: And that's an increase of about 29 percent or $390,000?

S. VETSIS: That's correct.

T. HOBBINS: And then we also see that labour rises from 0.86 million in 2025 to 0.98 million in 2027; do you also see that?

S. VETSIS: I do.

T. HOBBINS: And external services and consulting also rises from 0.42 million to 0.43 million, in the same period. That's an increase of about 79 percent?

S. VETSIS: Yes that's correct, a roughly $200,000 increase.

T. HOBBINS: In part (d) of this same response, Elexicon Energy said that it had:

> "-- already brought work, such as social media, web hosting and content management in house, and that the in-house model avoids higher costs associated with additional external vendor support."

That last portion there is quoted; that's at

line 24.

Can Elexicon Energy explain what external services and consulting it is forecasting for 2027?

S. VETSIS: There are really two predominant drivers for the increase. I think we had an exchange yesterday with Commissioner Dodds about the work that we have been doing at Elexicon to reengage ourselves, better integrate ourselves with our communities. You know, we built our municipal engagement program. But what we are looking to do is better evolve our approach of reaching customers, particularly through community, community events where we can use those opportunities to exchange information, you know. For example, new portals coming up, maybe an opportunity to sign customers up for e-billing that kind of thing.

So there is a degree of increased engagement within the community, so we can have some additional touchpoints with our customers directly.

The other element is while we have had a lot of great success in-sourcing social media or leveraging those channels, we have seen a lot of great benefits on our website. I think we get about four or five times the number of hits on our website that we got five years ago. We are doing a lot more updates. So all those channels are great.

What we want to evolve to is leveraging more communications campaigns with our customers to

connect with them through other means as well, be it advertising, video et cetera. Again, as we look ahead a lot of transformations going on with our business, new services, new apps, those kinds of things. And these are ways that we can identify opportunities to connect with our customers, get them to have greater uptake of the features that we can provide. So those are kind of the two main drivers of the increase in costs on that line.

T. HOBBINS: Can you provide some examples with respect to the community engagement that you mentioned at the beginning of your response?

S. VETSIS: Appearance at community events, you might have small, small business fairs, those kinds of things.

T. HOBBINS: Okay, thank you.

Can we pull up 4-CCC-55? And if we just scroll down to lines 27 and 28, we see that Elexicon cites a 116 percent increase from 2024 to 2025 in reactive outreach or escalations from government officials to support the stakeholder relations increase. Do you agree with that?

S. VETSIS: I do. And I would note as well that in 2026 we are on track to double the escalations, yet again relative to last year, reflecting just the continued need for engagement and lines of communication with the communities that we serve.

T. HOBBINS: And just in terms of this 116

percent increase here, that has already happened in 2025? Is that built into the 2025 actuals?

S. VETSIS: Yeah. I mean, it's built in in the sense that we have a headcount and the staff that we have support those activities. We are seeing increased pressure. So again, the levels that we have in 2025, they doubled yet again this year.

I think the two main areas when we talk about escalations from municipalities the two main areas that we experienced escalations they are reliability related. And then the second one is typically related to developments, connections. Those are kind of two main themes.

And when I look at where Elexicon is going, you know, with the outcome of the settlement and the reduction in the proactive investment in capital, we expect a lot of continued pressure from a reliability perspective. We saw that declining trend last year, so we expect continued upwards pressure on the number of escalations there.

Similarly, while we have many investments related to capacity constraints as we talked about at evidence day, we will not be able to address every constraint in our system before the end of this term. And so both of those pressures are anticipated to continue and drive the need for additional staff.

And just for additional context, these escalations I would say about a third of them often

are quite involved. So we will -- it will involve multiple individuals across lines of businesses with multiple weeks for a resolution. So it's a significant amount of work, a significant pressure. However it is an important touchpoint that we have, to make sure that we understand the needs of our customers, the needs of our communities and we give them a path to resolve any issues.

T. HOBBINS: Could Elexicon Energy undertake to provide some of the numbers underlying these figures, specifically the number of outreaches and escalations for 2025 and 2026? And since you have -- sorry for 2024 and 2025? And since you have mentioned 2026, could we also see numbers on those outreaches and escalations?

S. VETSIS: Sure.

T. HOBBINS: So that will be an undertaking, J-2.11.

**UNDERTAKING J-2.11: Elexicon to provide some of the numbers of outreaches and escalations underlying the figures for 2024, 2025, and 2026**

T. HOBBINS: Okay.

Then I am going to turn to just a couple of accounting-related undertakings here. We can pull up -- well, actually this came up yesterday in terms of determining whether Elexicon included any implementation costs relating to Dx NEXT in its 2027 OM&A forecast. And I recall that you agreed that

they did not?

Z. ISLAM: That is correct. No implementation costs are part of the 2027 base year OM&A -- or test year OM&A.

T. HOBBINS: Okay. And then if we turn to the forecasts at Exhibit 4, Tab 1, Schedule 6, this is appendix 8 to that exhibit. And if we scroll down to page 12?

As the Table 4 here shows that $19.49 million in Dx NEXT costs for 2027, and then Table 5 below it breaks that down by project phase. But it doesn't break it down by project cost, like type of cost.

And so to clarify the record on the separation of Dx NEXT costs from 2027 OM&A costs, would it be possible for Elexicon to provide a breakdown of the 19.49 million forecast for 2027 by type of cost? We would be looking for categories like external service, licensing, internal labour and training.

Z. ISLAM: What I can confirm is that there is no internal labour in that 19.49 million, unless it was specific labour that we hired in relation to the Dx NEXT implementation project.

The significant portion of those costs relate to a fixed-price contract with our Dx NEXT solution provider. So to that extent, I am not certain at this point in time whether we can break down those costs into different components that you're requesting.

T. HOBBINS: And, sorry, the reason for being unable to provide the breakdown is because it -- are you saying that it's all one cost, it's all a contract cost?

Z. ISLAM: It is a fixed-price contract. So we can take that away as an undertaking and assess. However, whether we will be able to provide those detailed breakdown that you're asking for, I am not certain at this point in time. But we can make our best efforts towards it.

T. HOBBINS: Okay. So we will take that undertaking as J-2.12. If it has to be filed confidentially, we will also make provision for that.

**UNDERTAKING J-2.12: Elexicon to provide a breakdown of the $19.49 million forecast for 2027 by type of cost on best-efforts basis and breakdown costs by the same types of cost discussed, external services, licensing, in a similar way**

T. HOBBINS: Okay. And then if we look at 9-CCC-68. Table 1, if you just scroll down, it shows Dx NEXT implementation cost reported in account 1511 of about 12.2 million, and 10.3 million forecast for 2026.

Can Elexicon undertake to break down those costs by the same types of cost we have discussed, external services, licensing, in a similar way? We could roll it into the previous undertaking if that's

acceptable.

Z. ISLAM: We can include that as part of the previous undertaking.

T. HOBBINS: Okay. Thank you.

And finally just a follow-up from a discussion I think we had yesterday with Mr. Li in regard to the legal costs of this proceeding. It sounded as though Elexicon's legal estimate will need further adjustment, or could see an upward increase; is that generally correct?

S. VETSIS: I believe in the exchange yesterday what we had stated was that we had likely significantly underestimated the intervenor costs for the rebasing application. However, we were not proposing to update the amount that will be built into rates to reflect that change, rather, that will be a risk that Elexicon will have to absorb and a non-fund risk that Elexicon will have to absorb over the term.

T. HOBBINS: Okay. That will conclude my questioning on behalf of OEB Staff.

PRESIDING COMMISSIONER SIDLOFSKY: Thank you, Mr. Hobbins. Commissioner Dodds, I think you had a few questions.

COMMISSIONER DODDS: Thank you.

**QUESTIONS BY THE HEARING PANEL**

COMMISSIONER DODDS: There has been a significant increase in the OM&A, and that's mainly

attributable to an increase in FTEs. And when I asked, a lot of those FTEs are the increases are due to the increase in your capital plan, your capital spending. You say that's almost increased threefold, so therefore there's a lot more FTEs required to administer that capital spending; is that correct?

S. VETSIS: Yes, that's correct.

COMMISSIONER DODDS: Could you just reiterate generally what the roles of those FTEs will be in execution of that capital project or capital spending?

S. VETSIS: Commissioner Dodds, if we go to 4-Staff-103, there is a list in there of positions. And I am not going to read through every single one to you, but maybe if I chat through each of the categories?

COMMISSIONER DODDS: Chat through a few of them. Just give me an illustration of what those roles would be. It doesn't have to be precise. I just want to know generally what you see those roles as being.

S. VETSIS: So if we take a look, let's say starting on the asset management side, we see a couple of themes. One is FTEs related of course to the controller room, right? Recognizing we need a sustainable level of staffing in the control room. Control room is what dispatches work, does the switching in the field. If you're not doing that

effectively you can't operate safely, you know, we are putting our linemen at risk. So there is a little bit of that at the beginning.

There is a few additional line persons. Those - -

COMMISSIONER DODDS: Yeah. But I am more interested in the FTEs that are related to the capital projects and programs. Because you did say in your testimony that a lot of the FTEs are required because of the increase in capital spending, that you had tripled it.

S. VETSIS: Yeah.

COMMISSIONER DODDS: I want to know what FTEs are associated with that.

B. WALKER: Yes. So the Staff 103 is broken down by category. A significant portion of that is in our asset management department, which had to stand up a project delivery group, which is responsible for the planning and monitoring of the capital program. So a lot of that hiring in ANDO, including the control room, is going to support that capital program.

There are some hiring even within my own division within the procurement team, to make sure that we can have the right policies and programs in place, and obviously manage the increased work program and inventory flow coming through the program.

COMMISSIONER DODDS: With respect to construction?

B. WALKER: In part, yes. Yes, absolutely.

COMMISSIONER DODDS: Are these represented positions mostly?

B. WALKER: In the system control centre most of those are represented positions by the union, and just actually going through, I think there are other positions that would be represented in here, like our operations field staffs, our stations techs, our power line technician, all of that is within this forecast as well.

COMMISSIONER DODDS: And some of those jobs are related to though to actually executing on a construction, are they not? Like, what I am getting at is there is an ebb and flow in construction, you know, projects get delayed, don't start, you've got all the staff, what are they doing? Like, in your testimony you sort of portrayed that it is because of the capital spending that you need all of these FTEs. Now I realize some of it is related to additional operating, because you have got more assets, but some is related to also executing on the capital; is it not?

B. WALKER: Yes, so a portion of our internal staff would be involved with the delivery of the capital program. Our teams do look at internalized -- maximizing the internal use of our internal staff,

and then we are able to -- we are putting in a procurement strategy that allows us to scale up and down to deal with those ebbs and flows.

COMMISSIONER DODDS: What is your procurement strategy for executing on the capital? Like, how do you go about procuring -- because it's all contract, it's third party, what is your process now for executing on these projects?

B. WALKER: So right now Elexicon's team that involves the procurement team, the asset management team, and our legal team, are actually working to get general MSAs in place which --

COMMISSIONER DODDS: General?

B. WALKER: Sorry, master service agreements. Sorry for the acronyms. That will create, essentially, a baseline agreement for our construction work. And from there we will have the ability to execute either design build procurements, design only procurements, build only procurements and then we will have major RFPs such, as I will use an example of GTA, our GTA east station, we know that's work that is going to have to be contracted out. It is not something we can do with the scale of that project. And then we will also look at the projects we can do internally. Scale of the equipment and the resources to do that, on top of our reactive programs and other programs.

COMMISSIONER DODDS: What I am getting at,

though, is if there's delays in construction, which there always will be, if you go the typical process of design, bid, build you are taking all the risk of contract delays, not getting permits in place in time and the PWU asked you that question. What will you do if you don't have the capital envelope? Like -- or not capital envelope, sorry, the OM&A envelope. Like, what I am getting at is there is ebb and flow, which there will be, what are you going to do with the staff? Like, I asked if you can retrain them or move them over to central control, you said well, no. So how are you going to handle the fact you are going to have ebbs and flows in construction? You always will. What do you do with those staff that are there? That's -- the real question would be OM&A for people not being utilized.

S. VETSIS: Again, let's take a step back and just recall that when we look at the forecast that we have, the FTE per CAPEX value, the throughput that we measure as an organization, is almost half of what other utilities do. So when you look at it from a workforce perspective the plan that we are building is very lean. And what we are doing is putting structures in place to manage these ebbs and flows. And so from -- you heard about how on the planning side the team was built up to a more sustainable level. Now we are getting at the point where we develop scopes, not just for the year ahead of us,

you go a little bit beyond so that in the event that you have the kind of delays and things that you can talk about, that we have work that we can substitute in to ensure we end up at the same spot by the end of the term managing those ebbs and flows. We built the PDG function, which builds, every year, an execution work program which is sized to resources that we have, ensures that we fully utilize those resources and then leverages external resources from contractors as necessary. Supporting that structure is a series of reporting and touch points along the way so that we can make sure that, again, that we can find those substitutes and deliver on a long-term perspective.

COMMISSIONER DODDS: So what you are saying -- you can substitute these people for work that would normally be done by contractors on ongoing maintenance and so on, but they are not trained for that. These individuals, like, if you are looking at construction manager, project manager that's a specific skill. That's not the same skill you are going to use for maintenance and for other things. Like, I am having trouble figuring out how you are going to reconcile this because you are going to have ebbs and flows.

S. VETSIS: For sure. But, again, we are using a strategy with a lean workforce which reduces the risk that the internal staff can't be fully utilized.

And so to manage under that structure we need to get certain foundational capabilities into place. So that means having the right data, right, having regular touch points, short interval controls as we call them, along the way to make sure we can pivot; right? Project managers are very helpful because they help us manage over a long term to keep us on track and on -- the degree. So there's going to be for the large projects like what Mr. Walker talked about, multi-year stations, right, those are huge initiatives. So those get dedicated project managers to ensure we are delivering, you know, according to the schedule that we have. Putting the capacity in service on time as we had initially planned. You know, and I think in the background we have some foundational capabilities as well. All this additional work creates more financial transactions, which means we have some support in our finance team. All this means we are financing more work than we have before so we have a treasury function that forecasts cash flows and times the debt issuance --

COMMISSIONER DODDS: But you do that now. Like, so when you make that statement that you have a lean workforce, if I am the average ratepayer, intervenor, you have a significant increase in the FTEs, they all are attributable to capital. Like, the workforce doesn't look lean. And what you are using this to carry out functions that you should be carrying out

any way with existing staff. Talking about financing, and other projects and planning, like, I am having a hard time reconciling why you need so many FTEs, based on your statement, because of the increased capital. Some I understand because you have to operate that capital. And the power workers union ask, well, why are there no increases after 2030, are you not going to be spending any more capital after 2030? Like, if you use that argument now that argument carries along in the future as well.

S. VETSIS: I think for us it's, like, a journey of continuous improvement; right? It's about -- with the change in the scale of the work that we are occurring we need to make sure that we manage and have governance that's more sophisticated than we have in the past to deliver on this volume of work.

COMMISSIONER DODDS: So if I analyze this correctly, if projects are delayed one or two years you won't need FTEs to operate them then, because a big chunk of the FTEs related to capital is based on the fact that not only do you have to manage the construction and carry it out, you have to have people to operate the facilities. Like, how are you going to handle that if the delays are one or two years, which it can be in certain projects?

S. VETSIS: It can be in some projects. But, again, we operate under an overall funding number,

right, what gets approved in the application. Overall funding envelope, with overall objectives we have as an organization. And so I think you have seen, you know, when we started this application we started with a needs-based plan and the needs of our system are higher than what's included in the application, or even in the settlement. There is work to be done at Elexicon to work on these really material challenges that we have. And so, again, while we might have some variability in some projects, we have processes in place now where we will have sufficient design done in advance. We have resources on the ready that we can ramp up and down as necessary, which allows us to ensure that over a long period we are delivering on all this work that we need to do. Even if one project may delay, we might be able to pull other things forward to end up at the same place at the end of the term.

COMMISSIONER DODDS: Okay. I asked this question yesterday, like, I understand most of your work, I would suspect, is on a design build basis. And I alluded to other models out there for construction and I mentioned early contract involvement that Hydro One is using. Another one is called engineering procurement construction management, EPCM, in which case you can get fixed prices, guaranteed delivery, and you don't have to have any staff managing. Like, have you ever thought

of those other models? It's not uncommon to be used in the utility industry around North America. Because when it comes to rates, and getting projects into rates, you want surety of pricing and you want surety of delivery because when you look for rates you want to make sure it's used and useful. Have you ever looked at those types of procurement models for construction?

B. WALKER: So as I was mentioning, the procurements, the NDO or the asset management team and our legal team are looking at the MSAs to get a structure in place, so that for the large projects that we won't be handling internally it will provide us the opportunity to have that design build aspect to it. With respect to those particular design build RFPs, we will be inviting vendors or proponents to participate in that process to learn more about those projects, which will ensure, one, they're qualified, and meet our standards in terms of health and safety, and the ability to execute the work on time, and within the parameters they are bidding on.

So we are looking at ways to, I guess, better package our work and plan our work from a contractor perspective. And being able to get a hold of that internal staff as well to be able to manage those two things.

COMMISSIONER DODDS: And are you looking at this from the viewpoint to lower the number of EFTs you

need to execute on your capital planning?

S. VETSIS: I wouldn't say the objective is specifically to lower the level of FTEs. The objective is to most efficiently deliver on our overall program using a mix of internal and external resources, and kind of dedicate those resources most optimally.

COMMISSIONER DODDS: Okay. Thank you. I have one just picayune question. One of your benefits plans, this is raised in some of the intervenors' questions earlier, are your benefits plans on the dedicated -- or defined benefits or defined contribution?

B. WALKER: Are you talking in respect to --

COMMISSIONER DODDS: Any benefits plan. Health plan, pension plan, any plans you had. Because there's two types of plans, you know, there's defined benefit and defined contribution. And if I am right the defined contribution is cheaper in the end; have you ever looked at that? Or --

B. WALKER: So with respect to the differences, the pension plan is on a defined benefit plan. And that distinction of defined contribution or defined benefit is with respect to the pension plan. We have -- our benefits plan is a suite of benefits, if you will, and it's based on utilization so it's --

COMMISSIONER DODDS: But there's still -- the benefits are defined in that plan; are they not?

Like, there are cheaper models out there, like, defined contribution, in the end, is cheaper than a defined benefit. On your pension plan you don't have flexibility to change that?

B. WALKER: No, it's part of being a member of OMERS. It's a private pension plan that we are a member to and do not have the option to change the parameters of.

COMMISSIONER DODDS: But on the health benefits you do have some flexibility? I assume one thing you can do is you can grandfather them, whoever is in the defined benefit plan now stays there but any new hires goes to defined contribution plan. Have you ever -- I mean, those are ways to reduce the cost, I am just throwing it out there, but it's something you do over a period of time; have you thought of that?

B. WALKER: So on the benefits plan we do have control of those. But what I would point you to is, in a unionized environment and our talent strategy, in order to make, you know, a change to that benefit plan it requires negotiation.

COMMISSIONER DODDS: I agree.

B. WALKER: And we also have to be very mindful of the internal relativity of those plans as well. For example, if you substantially change your non-union plan, that would become a relativity issue that we would have to be very mindful of.

COMMISSIONER DODDS: I agree. But the

relativity should always be considered in light of the ratepayer. You know, whatever is the most economic, because in the end all these costs go to the ratepayer. I just -- I apologize for lecturing, but that always has to be paramount. The fact that we have to get the rates affordable. Those are all my questions, thank you.

PRESIDING COMMISSIONER SIDLOFSKY: Commissioner Janigan?

COMMISSIONER JANIGAN: Thank you. I would think that the possibility of the departure of important personnel to larger utilities is not confined to Elexicon. In other words, there are other utilities, smaller utilities, that have that same problem or the fear of that occurring; am I correct on that?

B. WALKER: Yeah. I would say any utility or organization would have a fear, if you will, of losing staff, especially in key roles. Within Elexicon-specific context, I think the geography and the leadership and skill sets that we need, it is a real risk for us, and we have seen that really hard hit in the control room, which is the heart of Elexicon's operation. We have had it in our executive ranks. And we have even, over since merger, have had a number of rotating if you will into the CEO position. So in Elexicon's context, there has been a regulatively substantial concern of retention in key positions.

COMMISSIONER JANIGAN: Are any of the steps that have been taken by the smaller utilities to try to combat staff departure, have any of them been discussed and adopted by Elexicon?

B. WALKER: I would only be able to speak to our context and the losses that we have had and concerns with retention. The context of other smaller utilities, I wouldn't be able to give an opinion on those.

COMMISSIONER JANIGAN: Wouldn't there be some merit in attempting to approach and learn from each other? Or am I being too simplistic?

S. VETSIS: I don't think we should discount the realities of the geography, right? You know, it's -- I can speak to myself, too. I have received calls in the past for jobs at other larger places. But for me to uproot my family to fly across the country, you know, is not something I am willing to do. And it's very, very different when it's just down the street. And for us, Alectra, Toronto Hydro, OPG are all just down the street. And that's not a problem that North Bay Hydro has or other utilities in this province, right? And so the further away you are from these areas, right, the less that pull exists because that is such a dramatic change to your lifestyle.

COMMISSIONER JANIGAN: It's the primary problem. And the way Elexicon looks to address that problem I guess is in terms of providing significant resources

to the staff personnel in terms of salary and benefits and whatever to keep them onside. Would that be the case? Or am I compressing that too tightly?

B. WALKER: I would say compensation underpins the talent management strategy. But I wouldn't say that to the exclusion of other things that we look to implement at Elexicon in terms of our culture and engagement. Like we have outlined in the application, we are investing in people as well from a training and capability standpoint.

All of those factors weigh into some somebody's decision to stay with an organization. If you don't invest in those other core things aside from compensation, I think those would weigh in pretty substantially into somebody's decision to stay with an organization or not. And those are foundational as well.

As we start to look at our demographics and the level of staff that can retire in the next five years, we need to make sure that we are making those investments as well on top of the things, like benefits pension and compensation. So we do look at a broader suite of things to ensure we are investing in our people and we are doing so in the right manner, and balancing the consideration and cost to customers.

COMMISSIONER JANIGAN: So there is nothing that

can be learned from other small utilities, principally for the reasons that you have suggested. And there's no sort of -- I wouldn't say camaraderie. There is no sense in exchange of matters concerning these kinds of problems?

S. VETSIS: Again, I would say it's one of those things. It's why the context specific to the utility matters. And I think maybe just to your point earlier, we are not trying to outspend the competition at Elexicon. We are just trying to remove the difference so that the other parts that we can offer can help us win out, you know, and we can compete with those around us.

COMMISSIONER JANIGAN: Okay. Thank you very much. Those are all my questions.

PRESIDING COMMISSIONER SIDLOFSKY: Just a few questions, panel.

I would like to start by taking you to Exhibit 1, Tab 7, Appendix 10. It's the Innovative Research residential trade-off report. And first of all, I -- this takes me back to an exchange that you were having with Mr. Gluck earlier, Mr. Vetsis.

First of all, you had said that there was something in the report that indicated that respondents felt that Elexicon had provided enough information in its surveys, in its engagement?

S. VETSIS: I remember seeing that question. As we chat more, there is a small chance it was a

question in the focus groups. I thought we had it in the survey --

PRESIDING COMMISSIONER SIDLOFSKY: No, that's okay. I think I found it.

S. VETSIS: Oh, fantastic.

PRESIDING COMMISSIONER SIDLOFSKY: I think it's at page 89 of that particular report. And there was a question about whether the respondent felt that Elexicon had provided too much, not enough, or the right amount of information in the engagement. And sorry, I don't have a PDF page number for that. I apologize.

S. VETSIS: Do you see a number in the bottom right corner?

D. COBAN: We have that, we will be able to pull it up. Just a moment.

PRESIDING COMMISSIONER SIDLOFSKY: There it is. Okay.

So first of all, I think I found the answer to your question, or to the question that you couldn't answer: Other duties as assigned.

Now, now that we see that, I am going to assume but correct me if I am wrong, that this question relates to the information that Elexicon has provided in this workbook that customers who were involved in the Phase 2 engagement received and completed.

S. VETSIS: That's correct.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. So now

that we have gotten to page 89, I am going to take you back. But I do have a PDF page number for that. I am going to take you back to, first of all, page 555 of 1071. So I am at page -- I have just picked partly randomly but I think the -- I think at least the small business workbook is very similar, so -- or the small business report is very similar.

So there is a page here that speaks to costs of running the local grid. And there is a paragraph on the operating budget. And the operating budget covers recurring expenses such as the maintenance of assets and tools, customer services, running all business systems and processes as well as the cost of employees who ensure these activities are completed.

We are reading the same page. Correct?

S. VETSIS: We are.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

Now if we go back a few pages, to page 551 of 1071, it's page 26 of the report. The workbook and these -- sorry, let me stop there.

This report is an amalgam of extracts from the workbook and reports on the results of the questions in the workbook; correct?

S. VETSIS: Yeah. The only clarification point, it's not extracts. It is the entirety of the workbook, and then the responses.

PRESIDING COMMISSIONER SIDLOFSKY: But it is interspersed with the responses?

S. VETSIS: Yes, yes. Yeah.

PRESIDING COMMISSIONER SIDLOFSKY: So when I see the watermark saying it's the workbook page, that came directly from the workbook that the customer would.

Okay. So we start here with challenges facing the grid and key challenges facing our system -- your system. There are five categories: Providing capacity for growing communities; fixing and replacing deteriorating infrastructure; responding to extreme weather events; enhancing cybersecurity to mitigate threats; preparing for changing customer needs and responding to rising costs.

Now, it looks like on the next page you are showing the pop-out versions from the points. I think on the previous page there were links. If I were to click on one of those links, I would see what's on the expanded versions on the next page. Right?

S. VETSIS: That's correct, yes.

PRESIDING COMMISSIONER SIDLOFSKY: I tried to find something relating to recruiting and retaining talent. And I don't see anything like that.

So I thought I would look to responding to rising costs, which is the last item. And you speak to Elexicon facing rising costs of purchasing essential equipment for the grid and supporting new construction in the communities it serves.

Do you recall anything in the workbook about costs or rising costs related to recruiting and retention of talent?

S. VETSIS: No. I don't think we would have gotten to that level of granularity, no.

PRESIDING COMMISSIONER SIDLOFSKY: You speak to granularity but, for example, you give -- you show a pie chart with a whole lot of possible reasons for outages; that seems pretty granular. There is a lot of information here that corresponds to SAIDI and SAIFI information; that seems fairly granular.

But you don't talk about that component of your operating budget in the workbook; correct?

S. VETSIS: That is a fair statement. What we are trying to do is communicate to customers in the way that they will -- the outcome that they will actually experience and understand, right. And so like you think about yourself at home. I don't know if you see with the light bulb whether or not staff is retained, but you can see when power is out. You can understand that outcome as a customer; right?

PRESIDING COMMISSIONER SIDLOFSKY: But I may have a thought at some point about how much it's costing me to pay the line maintainer who is coming out to fix that light bulb, or to fix the transformer on the street.

Is that not -- do you not see that as significant, particularly where a material part of

your increase, your requested increase relates to compensation?

S. VETSIS: I would say that the change, just -- sorry, the delay is us trying to think through, could we think of specifically the magnitude of the actual compensation structure change itself. Right?

PRESIDING COMMISSIONER SIDLOFSKY: Sure.

S. VETSIS: In very rough numbers, just in our minds, we are thinking that change is maybe 1 million to 1.5 million, you know, as a result of that structural change. So when you think about the costs entering the system over that period, it's -- while it might seem from the bullet points to be a big change, it's actually not a predominant driver, right?

The fact that the -- you know, that the volume of capital investment is increasing, that the workforce itself is increasing, that, rather than the compensation, it's the actual magnitude of the scaling that's the biggest driver that customers ultimately experience.

PRESIDING COMMISSIONER SIDLOFSKY: So if I can try to paraphrase that, then: You're suggesting that it's more a matter of the overall increase in the workforce than it is a percentage increase in compensation or the restructuring of the incentive program? That is the issue? Or that is the bigger driver here?

S. VETSIS: I mean, we are almost doubling the level of investment in our system, right? We are scaling as an entity substantially in a very short period of time. And that's ultimately the driver of what's happening here, all of it together, not just one element.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. It's still not entirely clear to me how you suggest that respondents felt that they had enough information in an area like compensation, where there's no information given on compensation; is that a fair observation?

S. VETSIS: Again, we work with experts in Innovative to structure the reports in a way that customers can absorb. These are tested through focus groups. Again, I recognize that not every single item is listed here. You know, I think back though to the early days of customer engagement, where there was more granular information, where we asked questions more along the lines of where information is presented in OEB applications.

And oftentimes what you saw was responses along the lines of "I don't know." You know, "The utility's best positioned to decide." And so part of this exercise is trying ultimately to find that balance of communicating with the customer in a way that they can understand what's happening and what you're trying to achieve so that they can give you

some actionable feedback.

That's why we work with Innovative, which has done a lot of focus groups with a lot of utilities to test the different topics, to find ways that resonate the most so we can get actionable feedback.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thank you for that.

And just one other question; it's more to make sure I understood what I heard earlier today. And I think this is for -- actually, this may be for you, Mr. Walker. There was a discussion earlier, although it may be for Mr. Islam, so both of you pay attention.

There was a discussion about budgeting and how your budgeting related to achievement of the stretch when it came to incentive payments. Does that ring a bell?

Z. ISLAM: Yes, I do recall the exchange.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. And I think you said that you budgeted based on payment at the stretch levels?

Z. ISLAM: We --

PRESIDING COMMISSIONER SIDLOFSKY: Sorry. Sorry to interrupt, but I will just finish my thought here, because I had written it down: In Appendix 2-K, you are showing pay budget at the stretch levels because doing so is necessary to align organizational performance with ambitious outcomes; have I got that

right?

B. WALKER: That's correct.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

So does that assume that all of your, all of your employees who are eligible for incentive pay are going to achieve the stretch?

Z. ISLAM: No, it does not. So we budgeted at higher than target.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

Z. ISLAM: But it inherently assumes that all employees will not achieve that stretch target. So there would be a mixed bag in there.

PRESIDING COMMISSIONER SIDLOFSKY: Okay, thank you. No, I appreciate that. I did hear that later in the day, but it seemed a little inconsistent with what I heard earlier. Thank you. Those are my questions. Ms. Coban?

D. COBAN: I do have a couple of redirects, if you'll indulge me.

PRESIDING COMMISSIONER SIDLOFSKY: Okay.

**RE-EXAMINATION BY D. COBAN**

D. COBAN: We will do our best to be very brief. Thank you very much. So we are sitting here in November; we have got less than two months left of the year and we have heard a lot today about kind of more year-to-date figures. Do you have, and can you provide, a 2026 year-end outlook for the company trending in terms of the expenditures for this year?

Z. ISLAM: We could certainly provide an outlook in terms of the 2026 OM&A. What I can definitely confirm at this point in time is that we are trending higher than what the forecasted number was showing in Appendix 2-JC.

D. COBAN: And you don't have those numbers on hand with you. That's something you'd have to take away?

Z. ISLAM: Not at this moment, but I can certainly provide the number. What I can mention is, if you pull up Appendix 2-JC just as a reference point, so as we can see in this appendix, the number that we were forecasting for OM&A for 2026 was 64.1 million. We are trending higher than that right now. But we can provide the exact number as a reference.

D. COBAN: If that would be helpful, to take an undertaking to provide the number?

PRESIDING COMMISSIONER SIDLOFSKY: Commissioner Dodds has a question first.

D. COBAN: Sure thing.

COMMISSIONER DODDS: Would that include an estimate of the return on equity?

S. VETSIS: Yeah, I thought we took that undertaking yesterday. So --

T. HOBBINS: Okay. So there will be a new undertaking, that is J-2.13.

**UNDERTAKING J-2.13: Elexicon to provide an estimate of the return on equity**

D. COBAN: In your exchange with Commissioner Dodds, you talked about Elexicon having a lean workforce compared to its peers. Are you able to point us to anywhere on the record where we can see exactly what that looks like, and the comparison you were referencing?

S. VETSIS: We -- if we take a look at 1-CCC-9, page 2, we have there a corrected version of the table which shows the FTE per $1 million CAPEX. And so you can see, like, we are basing this off of the most recent RRRs that existed at the time. You can see in this chart Elexicon's -- roughly where the peer group average was in 2024 and where Elexicon, which is roughly 6ish, 6 FTE per million of CAPEX. And then you take a look ahead with the projection of Elexicon into the next period where it's hovering around 3, once Dx NEXT is fully implemented and the capital program, you know, kicks in.

D. COBAN: Thank you. If we could pull up Appendix 2-OB, and this is the updated appendix that you were reviewing with Mr. Rubenstein this morning. We are in setting the cost of capital, and if we could scroll down to the 2027 data in that Appendix 2-OB. I will wait for that to be pulled up. So in setting the long-term debt rate for cost of capital, it is a combination of both actual and forecasted debt, and you spent a fair bit of time this morning with Mr. Rubenstein on the forecasted components of

this table. But for the completeness of the record, I thought it would be helpful to clarify some of the actual debt instruments that are -- that form part of this weighted average.

So if we are looking at Rows 3 and 4, if you could provide additional context around the interest rate swaps that are listed on those rows there, and why Elexicon entered into those instruments in 2023?

M. RUBENSTEIN: Sorry, with all due respect, this question is not redirect. Nobody asked about -- she is asking for open-ended questions about the context of swaps. There was no questions about the contexts of this instrument. And it doesn't give parties a chance now to, you know, ask questions with respect to that.

D. COBAN: Commissioners, we had hoped that there would be an opportunity through the oral hearing, since this issue is being considered, to look at all the components of the long-term debt rate and to make sure that you have a fulsome understanding of that. A lot of that wasn't covered today, it was really only covered with respect to the forecast elements. So we just thought for your benefit, and for the completeness of the record, that that would be helpful.

M. RUBENSTEIN: Well, that is the purpose of direct examination.

PRESIDING COMMISSIONER SIDLOFSKY: Exactly. Ms.

Coban, no one was denying you direct examination.

D. COBAN: Understood and my apologies. I was trying to be efficient with our time, thinking we would cover those areas in examination, but we did not.

PRESIDING COMMISSIONER SIDLOFSKY: So I am going to give two options right now. This is coming up very late in the day.

D. COBAN: I understand.

PRESIDING COMMISSIONER SIDLOFSKY: Literally at the end of the hearing.

D. COBAN: I understand.

PRESIDING COMMISSIONER SIDLOFSKY: Mr. Rubenstein, if -- I will. I shouldn't be speaking for the whole Panel, but I will -- I can open it up to you to cross-examine on whatever Ms. Coban leads right now. Give me your preference. Give us your preference; I am sorry.

M. RUBENSTEIN: Well, look, I will take the opportunity. But in our view, it's just -- it's just not appropriate. I mean, there is information on the records, that is why parties, I don't think, ask questions in our limited time. I mean, my friends had the opportunity and they should rely on the record. I mean, we are limited in our amount of time to cross-examine throughout the day and, you know.

PRESIDING COMMISSIONER SIDLOFSKY: I am going to just lean back and confer for a moment because I may

be presiding, but I am not totally in charge. One question, Ms. Coban, when was this information provided? This particular appendix?

D. COBAN: The rows that we are looking at in this particular appendix were provided with the pre-filed evidence and then updated through the -- one of the undertaking responses. There was a further update to reflect the 2027 cost of capital parameters that the OEB issued at the end of October, and that update was made over the weekend, but it doesn't pertain to the items.

PRESIDING COMMISSIONER SIDLOFSKY: No. So this has been on the record for months now and it's been the subject of interrogatories, it's been updated previously? Okay. No, we are not going to allow it.

D. COBAN: Thank you for considering.

PRESIDING COMMISSIONER SIDLOFSKY: Anything else, Ms. Coban?

D. COBAN: No, that's all.

PRESIDING COMMISSIONER SIDLOFSKY: Okay. So it is just a couple minutes after 5:00. We are concluded, but before we do, I just want to thank the panel. And it occurred to me too late yesterday that I didn't thank your first panel. So, Ms. Coban, Mr. Vetsis, if you could pass along the Panel's appreciation to them for their time and their preparation, that would be great. And we are adjourned. Next deadline in November 20th for

undertaking responses. Thank you, all. And thanks to our reporter.

--- Whereupon the hearing concluded at 5:02 p.m.