



ONTARIO ENERGY BOARD

FILE NO.: EB-2015-0004 **Hydro Ottawa Limited**

VOLUME: Technical Conference

DATE: August 13, 2015

EB-2015-0004

Hydro Ottawa Limited

**Application for electricity distribution
rates for the period from January 1, 2016 to
December 31, 2020.**

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Thursday, August 13, 2015,
commencing at 9:43 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

MAUREEN HELT	Board Counsel
CHRISTIE CLARK KARL HEIMLICH	Board Staff
FRED CASS GEOFF SIMPSON GREG VAN DEUSEN	Hydro Ottawa Limited
LESLIE MILTON DAVID McEWEN JENNIFER McALEER	Rogers Communications Partnership, TELUS Communications Company and Quebecor Media ("the Carriers")
RUTH GREEY	Consumers' Council of Canada (CCC)
RANDY AIKEN	Energy Probe Research Foundation
JAY SHEPHERD	School Energy Coalition (SEC)
MARK GARNER BILL HARPER	Vulnerable Energy Consumers' Coalition (VECC)

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1 Thursday, August 13, 2015

2 --- On commencing at 9:43 a.m.

3 MS. HELT: Good morning, everyone. Sorry for the
4 slight delay. We had some technical difficulties, and we
5 just wanted to ensure that we would be up and running to
6 allow for presentation of the documents on your individual
7 monitors and on the screens at the front of the room.

8 My name is Maureen Helt. I am legal counsel with the
9 Board, and we are here today for the purpose of the
10 technical conference for Hydro Ottawa Limited's application
11 for electricity distribution rates for the period from
12 January 1, 2016 until December 31st, 2020. The OEB has
13 assigned this file number EB-2015-0004.

14 Today's technical conference was established through
15 the OEB's Procedural Order No. 4, issued on August 5th,
16 2015.

17 **PRELIMINARY MATTERS:**

18 Before we get into introductions of both the OEB Staff
19 team as well as the other participants, I would just like
20 to go over a couple of preliminary matters.

21 The first one is a technical matter. For those who
22 are on the witness panel and those who are not used to
23 appearing in our hearing room, if you are answering a
24 question or have a question to ask, you will note that
25 there is a green button on the console in front of you.
26 Please make sure that that button is pressed in and lit so
27 that your voice actually is heard through the microphone.
28 This is very important for the court reporter, who will be

1 transcribing today's proceeding, as well as for those who
2 are listening through our web, as this proceeding is
3 broadcast as well.

4 You will also note that one -- the buttons relate to
5 two people, so the microphones, if you are sitting next to
6 each other, if you just watch out for that particular
7 aspect of it.

8 Other than that, I had spoken with counsel for Hydro
9 Ottawa as well as the intervenors, and it is my
10 understanding that today we are going to be proceeding with
11 -- the first panel will be Hydro Ottawa's panel concerning
12 the pole attachment matter.

13 After that we are going to go through the questions
14 exhibit by exhibit, but there has been a request and
15 general agreement that we proceed with Exhibits 7, 8, and 3
16 first, and then we will go through the other exhibits.

17 This is to allow counsel for the intervenors and
18 consultants to be able to arrange their time appropriately
19 and not have to duplicate and have two people in the room
20 at the same time.

21 Other than that, I don't believe there are any other
22 preliminary matters, so I will start with the
23 introductions.

24 My name again is Maureen Helt. I am counsel with OEB
25 Staff, and with me I have Christie Clark, who is the case
26 manager on this particular matter, and Karl Heimlich, who
27 is with Elenchus, and he is a consultant with OEB Staff.

28 **APPEARANCES:**

1 MR. CASS: Fred Cass for Hydro Ottawa Limited. I have
2 Geoff Simpson on my left with me, and Greg Van Deusen on my
3 right. I will introduce the witnesses a bit later.

4 MS. HELT: Thank you, Mr. Cass.

5 MS. MILTON: Leslie Milton, counsel for Rogers
6 Communications Partnership, TELUS Communications Company,
7 and Quebecor Media, referred to collectively as the
8 Carriers. On my left I have David McEwen, who is assisting
9 the Carriers on this file, and on my right, Jennifer
10 McAleer, also counsel for the Carriers.

11 MS. HELT: Thank you.

12 MR. HARPER: My name is Bill Harper. I'm a consultant
13 for VECC.

14 MR. AIKEN: Randy Aiken. Consultant for Energy Probe
15 Research Foundation.

16 MS. GREEY: Ruth Greey, consultant for Consumers'
17 Council of Canada.

18 MR. GARNER: Mark Garner. I am also a consultant with
19 VECC, joining Mr. Harper.

20 MS. HELT: Welcome, everyone. Mr. Cass, I will turn
21 it over to you now.

22 MR. CASS: Thank you. I have just two matters. I
23 will introduce the witnesses. Also, I wanted to point out
24 that there were a few items went out by e-mail yesterday
25 afternoon, including the CVs of the witnesses. Hard copies
26 of those items are at the front of the room on the boxes
27 that people can see if anyone should want a hard copy.

28 MS. HELT: Thank you, Mr. Cass.

1 **HYDRO OTTAWA LIMITED - PANEL 1**

2 **Bill Bennett**

3 **Angela Collier**

4 **Casey Malone**

5 **Pamela Jones**

6 MR. CASS: And I'll introduce the witnesses, starting
7 with the person furthest away from me, and then I'll come
8 across the witness panel.

9 So sitting furthest from me is Bill Bennett. He is
10 director, distribution, asset management. Next to Bill is
11 Angela Collier, who is director of finance. Then we have
12 Casey Malone, manager, distribution policies and standards.
13 Finally, Pamela Jones, manager, regulatory policy and
14 research.

15 Those are the only matters that I have before we start
16 with the questions. Thank you.

17 MS. HELT: Thank you, Mr. Cass. Welcome to the
18 witness panel.

19 Ms. Milton, I believe you are going first with your
20 questions.

21 One other matter. Normally when we proceed with
22 questions we have intervenors follow one another with
23 respect to their particular questions. I understand in
24 this particular instance there has been some discussion
25 prior to the start of the technical conference, and it's
26 generally agreed that, while Ms. Milton is going through
27 her questions, if there are certain follow-up questions
28 that some of the intervenors have that are on the same

1 subject matter, they will be allowed to interject and ask
2 their questions so that we have the same area of the
3 transcript covering particular areas.

4 So unless that becomes difficult for Ms. Milton in
5 that it's interrupting the flow of her actual questioning,
6 we are going to proceed in that manner.

7 So I asked the intervenors if they do have follow-up
8 questions directly related to the line of questioning that
9 is being asked by Ms. Milton, that they do indicate that at
10 the time. Thank you.

11 **QUESTIONS BY MS. MILTON:**

12 MS. MILTON: Thank you, and good morning. I'm going
13 to step through -- or organize my questions by stepping
14 through the interrogatory responses to the Carriers'
15 interrogatories, so I'll be going in chronological order,
16 so if you could have those responses in front of you, I
17 think that might be easiest.

18 There will be a few other documents that I will refer
19 to on the record, but this is the main document that I will
20 be walking through.

21 If we could start with the response to Carriers 1. I
22 believe the responses start at page 5 of 7, so if we could
23 go to page 5 of 7, and the response to 1(a), and in that
24 response you say that Hydro Ottawa have 35,663 in-service
25 power distribution poles with third-party attachers,
26 including wireline attachments.

27 Now, I wonder if you could tell me what you mean by
28 "in-service distribution poles". What does "in-service"

1 mean?

2 MR. MALONE: In-service in our GIS system, we have
3 equipment out of service, might have been returned from the
4 field, versus actually out around our service territory
5 being actively used.

6 MS. MILTON: So in a case of poles, an in-service
7 distribution pole would be a distribution pole that you are
8 currently using; is that a fair statement?

9 MR. MALONE: Yes.

10 MS. MILTON: All right. And you use the term
11 "distribution pole" here. In other places in the
12 application I saw the words "service pole" and -- or, no, I
13 saw the terms "primary pole" and "secondary pole". Can you
14 tell me how those terms "primary and secondary pole" line
15 up with the term "distribution pole"?

16 MR. MALONE: A distribution pole is the broader
17 definition, and within there there is subsets describing
18 the associated voltages on those particular -- or any
19 particular pole, so primary being 750 volts up to 50,000
20 volts, secondary would be less than 750 volts, and you
21 could have a non-electrical pole, even though it is a
22 distribution pole, which would be just a supporting pole
23 for anchoring, so there would be no electrics on it.

24 MS. MILTON: So distribution pole includes all of
25 those?

26 MR. MALONE: Yes.

27 MS. MILTON: And would third-party wireline
28 attachments -- would I be correct in thinking that those

1 are on secondary poles? They wouldn't -- or maybe I should
2 -- they wouldn't be on primary poles; am I correct in
3 understanding that, or...

4 MR. MALONE: The third-party attachments would be on
5 all types of those subset poles of distribution poles.

6 MS. MILTON: So they are on all three types.

7 MR. MALONE: Yes.

8 MS. MILTON: Okay. Now, in question 1(a) the Carriers
9 asked if the 35,663 poles which you had identified in the
10 application all have wireline attachments, and that was
11 defined in the questions as attachments installed in the
12 communication space on the pole. And the response was the
13 35,663 is all poles with third party attachers, including
14 wireline attachments.

15 So am I correct in understanding this response that
16 the 35,663 includes all Hydro Ottawa poles with any type of
17 third party attachments? So it could be not just wireline
18 attachments in the communication space; it might also be
19 street light attachments?

20 MR. MALONE: Yes, in one of the follow-up questions
21 that we'll arrive to, Hydro Ottawa does track and invoice
22 for street lights in the safety separation space and in the
23 telecom space.

24 MS. MILTON: So the 35,663, that includes poles with
25 street light attachments?

26 MR. MALONE: Yes.

27 MS. MILTON: Is it possible that some of those poles
28 only have only street light attachments, and not wireline

1 attachments in the communication space?

2 MR. MALONE: Yes.

3 MS. MILTON: And the 35,663, does that include poles
4 with Hydro One attachments?

5 MR. MALONE: Yes.

6 MS. MILTON: Would you be able to re provide me with a
7 response to the question that was asked, which is -- or the
8 follow-up question: What is the number of poles, Hydro
9 Ottawa poles, that have wireline attachments in the
10 communication space; could you provide that to me?

11 MR. MALONE: We have a table -- and I'll just have to
12 find it -- where we list out the number of attachments. I
13 don't think we break it down by wireline versus street
14 lighting.

15 MS. MILTON: Here I'm looking for the number of poles
16 that have wireline attachments in the communication space.
17 I didn't see that anywhere else.

18 But could I get you to undertake and get back to me
19 with that number? If it is a reference to something I
20 missed, that would be great. And if not, if you could
21 provide me with a number -- is that possible?

22 MR. MALONE: Yes.

23 MS. HELT: That will be Undertaking KTC1.

24 **UNDERTAKING NO. JTC1.1: TO ADVISE THE NUMBER OF HYDRO**
25 **OTTAWA POLES THAT HAVE WIRELINE ATTACHMENTS IN THE**
26 **COMMUNICATION SPACE**

27 MS. MILTON: A minute ago, you said to me that the
28 35,663 included poles that have Hydro One attachments. So

1 is it possible that some of those poles only have Hydro One
2 attachments and not wireline attachments?

3 MR. MALONE: We'd have to query our GIS system to
4 determine that. I don't have those numbers at this point.

5 MS. MILTON: Could you undertake to do that, please?

6 MS. HELT: That will be undertaking KTC2, and that is
7 to provide the number of poles of the 35,663 that have
8 wireline attachments, not simply Hydro Ottawa attachments.

9 Is that correct, Ms. Milton?

10 MS. MILTON: It was the number of poles that have only
11 Hydro One attachments.

12 MS. HELT: Oh, the number of poles that -- okay.

13 MR. MALONE: No telecom or street lighting.

14 MS. MILTON: Correct.

15 MS. HELT: Undertaking KTC2.

16 **UNDERTAKING NO. JTC1.2: TO PROVIDE THE NUMBER OF**
17 **POLES OF THE 35,663 THAT HAVE ONLY HYDRO ONE**
18 **ATTACHMENTS, NO TELECOM OR STREET LIGHTING**

19 MS. MILTON: Now, in response to 1(b), you say that
20 the 35,663 was determined as of end of year of 2013.

21 And I believe later in this response down at (f) --
22 you can look at that if you want on the next page -- it
23 says that the GIS system only has current data.

24 So I'm wondering where you got the number for end of
25 year 2013.

26 MR. MALONE: When we were preparing for our rate file,
27 we went to our GIS system for the -- at the end of 2013 and
28 ran a specific query for the number of attachments.

1 We haven't since -- well, on an annual invoicing for
2 third party attachers, we ran an annual query on the GIS
3 system for billing, or for pole attachment billing
4 purposes.

5 In that case, what we looked at -- at the end of 2013,
6 we looked at attachments and attachers, because at that
7 point we are invoicing attachers, not attachments.

8 MS. MILTON: Sorry, I'm confused, because I thought in
9 (f) you said you only have current data. And now you are
10 saying you were able to go and do a query for end of year
11 2013.

12 Are you saying you can query the GIS database for
13 every end of year?

14 MR. MALONE: No, what we did is in preparation for our
15 rate filing we ran -- at the end of 2013, we, at that point
16 in time we ran a query, a more extensive query to take a
17 look at other variables, like number of attachers and
18 number of attachments, which is different than an annual
19 rate invoicing, which is only looking at the number of
20 attachers on a pole.

21 MS. MILTON: So when you started you were -- at the
22 end of 2013, you started getting ready for your filing, and
23 did you a query there and you printed the results, and
24 that's what we're seeing here? Is that how it worked?

25 MR. MALONE: Yes.

26 MS. MILTON: Had you printed and retained results for
27 any earlier period than that, that you still have?

28 MR. MALONE: No.

1 MS. MILTON: No. And so in the undertakings, I assume
2 to respond to those undertakings, you will be going into
3 the system and doing a query now on the system?

4 MR. MALONE: Yes.

5 MS. MILTON: So the numbers you will provide me are
6 the current numbers; they won't be end of year 2013?

7 MR. MALONE: It will be as of the date the query is
8 run. So it will be middle of this year.

9 MS. MILTON: So could you provide me, then, with this
10 number, which is the number of in-service power
11 distribution poles with third party attachments as of the
12 current date?

13 When you do the query for those other two
14 undertakings, could you re-query the database and get this
15 -- the number that is responsive currently to 1(a)? Could
16 you provide me then with the number of all in-service
17 distribution poles that have third party attachers of any
18 sort?

19 MR. MALONE: Yes.

20 MS. HELT: That will be undertaking KTC3.

21 **UNDERTAKING NO. JTC1.3: TO PROVIDE THE NUMBER OF ALL**
22 **IN-SERVICE DISTRIBUTION POLES THAT HAVE THIRD PARTY**
23 **ATTACHERS OF ANY SORT**

24 MS. MILTON: Does that total number of attachers, does
25 that include -- the total number of poles with third party
26 attachers, would that include poles that have non-rate-
27 paying attachers, such as the decorative panels that are
28 referred to, I believe, in response 1(e)?

1 Does it include those as well, or is it just -- this
2 GIS system, does it include non-rate-paying attachers as
3 well as rate paying attachers? That's my question.

4 So would you be able to query -- or are you querying
5 on all third party attachers, or just some subset of those
6 attachers?

7 MR. MALONE: It would be a subset. The decorative
8 banners, we have a managed system, but we don't put them in
9 GIS as a -- for annual rate invoicing purposes.

10 MS. MILTON: So the decorative banner, the non-rate-
11 paying attachments, they're -- you have information on
12 that, but that's in a separate system?

13 MR. MALONE: Yes, in a manual system, since there is
14 so few of them.

15 MS. MILTON: Dropping now to 1(c), which is back on
16 page 5 of 7, and in that question the Carriers had asked
17 for a list of entities that currently have wireline
18 attachment on Hydro Ottawa poles.

19 As number 9 on that list, you included the village of
20 Casselman, and then 10 you listed the city of Ottawa, but
21 in both cases you put a dash and referred to street light
22 attachment.

23 So does the village of Casselman have any wireline
24 attachments in the communication space, or is it just
25 street light attachments?

26 MR. MALONE: Just street light.

27 MS. MILTON: And those street light attachments would
28 be in the separation space; correct?

1 MR. MALONE: It's an interesting dance in the telecom
2 and safety separation space between street lighting
3 attachments and telecom attachments. Sometimes they're
4 just under, sometimes they're in, and sometimes they're
5 just above.

6 And there is a -- to acquire appropriate mounting
7 space there is always adjustments, so at that point is
8 there enough separation between telecoms to attach a street
9 light, or do you have to go slightly above sometimes or
10 slightly below? And again, it goes back to what the road
11 authority is looking for, photometrics with their street
12 lighting. Some have clear street lighting policies and
13 they want better photometrics, and they might be a little
14 bit more sensitive on their height, so they might want to
15 be a little bit higher or lower, but they are tending in
16 that space.

17 MS. MILTON: Are you saying that the street lights are
18 sometimes in a separation space, sometimes in a
19 communication space?

20 MR. MALONE: Yes.

21 MS. MILTON: They move around a bit; is that what
22 you're saying?

23 MR. MALONE: Yes. And just to elaborate, if the
24 telecoms are mounted on the house side of the pole, that
25 leaves the street side of the pole free to attach a street
26 light.

27 MS. MILTON: As I understand the separation space,
28 it's there to ensure there is a separation between the

1 voltage carrying wires and the telecom wires to provide
2 safety for telecom workers working on the telecom line, so
3 the separation space doesn't apply to the street light; am
4 I correct on that? Or does it apply to the street light as
5 well?

6 MR. MALONE: The municipal street light workers and
7 their contractors who work on that equipment are deemed as
8 competent, being high-voltage-qualified.

9 MS. MILTON: So they don't --

10 MR. MALONE: So they can work along the full length of
11 the pole.

12 MS. MILTON: I see. We were talking about the village
13 of Casselman and its street lights, which you reference
14 here, and just can you confirm for me that the village of
15 Casselman would pay the current rate of 22.35 for each of
16 its street light attachments on Hydro Ottawa poles?

17 MR. MALONE: Yes. That's correct.

18 MS. MILTON: And then you've referred to the city of
19 Ottawa. And the city of Ottawa, does it also pay 22.35 for
20 each of its street light attachments on Hydro Ottawa poles?

21 MR. MALONE: Yes, it does.

22 MS. MILTON: And I understand from a bit later, I
23 think, in one of these responses that the city of Ottawa
24 has also some -- a bit of fibre on Hydro Ottawa poles.
25 Does the city of Ottawa pay 22.35 for its fibre attachments
26 to Hydro Ottawa poles?

27 MR. MALONE: Yes, it does, where it doesn't have other
28 attachments. If there's traffic signals, street lights,

1 and fibre on the pole it's only -- they pay once as an
2 attacher.

3 MS. MILTON: Okay. Just to close off -- sorry, to go
4 back on the street lighting question and where it's placed
5 on the pole. As I understand it, the placing of the street
6 light is really determined by the kind of lighting
7 requirement the attacher has, and then where other
8 equipment is on the pole, in terms of that need; do I have
9 that right? So it's...

10 MR. MALONE: Yes, so they're looking for a lighting
11 pattern, and they are going to look at a couple of
12 elements: road width, pole span, and mounting height. So
13 they have three variables or dimensions to play with to get
14 their appropriate lighting pattern. So height, mounting
15 height is only one element that they look at to achieve
16 their lighting requirements.

17 MS. MILTON: I wonder if we could go to the affidavit
18 of April Barrie that was dated June 5th, 2015, and it was
19 filed in this proceeding as an affidavit of service of this
20 application on Hydro Ottawa's pole attachment customers.

21 Is there a way to bring that document up?

22 MS. HELT: Are you able to find it?

23 MS. MILTON: While you're looking, I'll ask the
24 question, and if you want to -- just don't say anything if
25 you want to look at the document, but just to move things
26 along.

27 So in paragraph 6 of that affidavit you've refer to
28 the Royal Canadian Mounted Police as a pole attachment

1 customer, so you had served them with the application, but
2 when I look at the list in response to 1(c) there is no
3 reference to the RCMP.

4 So I wanted to understand whether the RCMP has
5 attachments on Hydro Ottawa poles or not.

6 MR. MALONE: Yes, they do.

7 MS. MILTON: Okay. And would they pay 22.35 for their
8 attachments on Hydro Ottawa poles?

9 MR. MALONE: Yes, they do.

10 MS. MILTON: Okay. So, sorry, maybe we don't -- I
11 just didn't want to go forward without the document if you
12 wanted to see it, but -- so it was just an accidental
13 omission from that list, I take it.

14 And the RCMP attachments, are they in communications
15 attachments in the communication space?

16 MR. MALONE: In that zone, yes.

17 MS. MILTON: Below the list in the response to (c) of
18 this list of what you called wireline attachers, below that
19 you show separately Hydro One as an attacher, but you say
20 that it's a wireline attacher and it currently has wireline
21 attachments, so does Hydro One have wireline attachments in
22 the communications space on Hydro Ottawa poles?

23 MR. MALONE: Yes, they do.

24 MS. MILTON: So they have some wireline attachments in
25 the communications space, and do they also have power
26 attachments on Hydro Ottawa poles?

27 MR. MALONE: Yes, they do.

28 MS. MILTON: Okay. And as I understand it, you listed

1 Hydro One separately because they pay a different rate; is
2 that -- have I -- is that why you did that?

3 MR. MALONE: Yes, they do.

4 MS. MILTON: Okay. When I look at this response to
5 1(c) and think about what we've just talked about, it's my
6 understanding that there are currently nine third-party
7 wireline attachers to Hydro Ottawa poles, so that's the
8 first eight in this first list. Plus there are some city
9 of Ottawa fibre attachers, so that's nine wireline
10 attachers; plus there is some Hydro One wireline
11 attachments; there are some RCMP wireline attachments;
12 there are two street light attachers, Ottawa and Casselman;
13 and then there is some Hydro One power attachments.

14 MR. MALONE: Yes.

15 MS. MILTON: That sounds correct? And I get then a
16 total of 12 unique ratepaying attachers. Does that sound
17 about right?

18 MR. MALONE: Yes.

19 MS. MILTON: And then there are some other attachers
20 that don't pay rates, so the banner attachers; is that
21 right?

22 MR. MALONE: Yes.

23 MS. MILTON: Would you have any idea of the number of
24 attachers, like the banner attachers that don't pay rates?

25 MR. MALONE: There's Canada Post at one time; up until
26 the late '80s, install mail boxes on our poles as they've
27 done around Canada under the Canada Post Act.

28 Since then, they've been removing them and going to

1 community-based mailboxes for dropping off your letter to
2 be mailed. So they've been removing those attachments over
3 the last ten years, even before they started their retrofit
4 program that they're currently undertaking.

5 So there's a -- we don't track the ground level
6 attachments like mail boxes, but we do understand that
7 they're decreasing over time.

8 MS. MILTON: And the banner attachments, do you have
9 any sense of the number of attachers that involves? I mean
10 who -- what is that --

11 MR. MALONE: There are a couple of organizations,
12 National Capital Commission, business improvement
13 associations, jazz festival, but they're always a very
14 specific localized event over a number of weeks, and over a
15 limited number of poles.

16 As mentioned in one of our responses, at any given
17 time you might have three dozen banners on our poles
18 collectively.

19 MS. MILTON: Going back very quickly to one of my
20 earlier questions on the RCMP, you said the RCMP had
21 wireline attachments on your poles in the communication
22 space.

23 Does it have any other kind of attachments on your
24 poles, or are its attachments all wireline attachments in
25 the communication space?

26 MR. MALONE: Yes, only in the communication space.

27 MS. MILTON: Has any space on Hydro Ottawa poles been
28 reserved on a priority basis for use by the city of Ottawa?

1 MR. MALONE: No.

2 MS. MILTON: Has any space on any Hydro Ottawa pole
3 been reserved for use on a priority basis by Bell Canada?

4 MR. MALONE: No.

5 MS. MILTON: Does Bell Canada have any management
6 rights with respect to the communication space on your
7 poles?

8 MR. MALONE: No.

9 MS. MILTON: Does Hydro Ottawa have any attachments in
10 the communication space on Hydro Ottawa poles?

11 MR. MALONE: Would you repeat the question?

12 MS. MILTON: Does Hydro Ottawa have any attachments of
13 its own in the communication space on Hydro Ottawa poles?

14 MR. MALONE: As indicated in one of our responses, we
15 do have some limited fibre optic cables outside our
16 substations and administrative buildings on our overhead
17 system that amounts to about 400 metres, which might be a
18 dozen poles.

19 MS. MILTON: But those attachments are in the
20 communication space? I saw that response, but I just
21 wasn't certain where they are on the pole.

22 MR. MALONE: Yes.

23 MS. MILTON: Now the list of attachers that you
24 provided in 1(c), in that response to 1(c), does it include
25 entities that over-lash their attachments to a third party
26 strand that is supported by a Hydro Ottawa pole?

27 For example, does it include entities that would over-
28 lash on Rogers strand on a Hydro Ottawa pole?

1 MR. MALONE: Would one other telecom over-lash to
2 another telecom's support strand? Is that the question?

3 MS. MILTON: That's the question. Well, does the list
4 include the people, people who do that?

5 MR. MALONE: Yes. To have a cable on our pole, you
6 require a pole attachment agreement. So there is over-lash
7 agreements between the telecoms, and each one of them do
8 have a pole attachment agreement with Hydro Ottawa.

9 MS. MILTON: What rate do you charge for the over-
10 lashed attachments?

11 MR. MALONE: That was negotiated after the OEB
12 decision in 2005 with the CCTA and MEARIE, and I'd have to
13 look that up.

14 MS. MILTON: Could you undertake to provide that to
15 me?

16 MS. HELT: KCT4 would be to provide the rate paid for
17 the over-lash attachments.

18 **UNDERTAKING NO. JTC1.4: TO PROVIDE THE RATE PAID FOR**
19 **THE OVER-LASH ATTACHMENTS**

20 MS. MILTON: If we could drop down to the response to
21 1E, which starts at page 5 of 7?

22 In that case, the question asked for a list of other
23 attachers, which was defined as attachers with attachments
24 outside of the communication space on a Hydro Ottawa pole.

25 The beginning of your response here refers to third
26 party telecom antennas. Am I correct in understanding that
27 these are antennas that are attached outside of the
28 communication space?

1 MR. MALONE: Yes. As per Hydro Ottawa's pole
2 attachment agreement, we do allow wireless antennas on our
3 power poles, and the mounting space is just below the
4 telecom space, so at the top of the common space.

5 MS. MILTON: If a third party with one of these
6 telecom attachments attaches to your pole, does it pay the
7 22.35 rate, if that's its only attachment on the pole?
8 Does it pay the 22.35 for that attachment?

9 MR. MALONE: Yes, they would. But in this case with
10 Rogers, they already have a cable -- a cable on those
11 specific poles, so they only pay once as an attacher.

12 MS. MILTON: Are you telling me that Rogers is the
13 only company that has those attachments on your poles?

14 MR. MALONE: Yes.

15 MS. MILTON: And if -- so you are telling me it is
16 just Rogers that has those kind of attachments.

17 You are not aware of any other attachments by any
18 other -- antenna attachments by any other of your
19 attachment, pole attachment customers?

20 MR. MALONE: The city of Ottawa has antennas, but on
21 their poles, typically on their aluminium poles at
22 intersections with traffic signals.

23 They maintain their own equipment on their own poles,
24 so there is very limited antennas on Hydro Ottawa poles.

25 MS. MILTON: So you would be surprised if I told you
26 that TELUS has some of these attachments on your poles?

27 MR. MALONE: That may not be as of next Monday. I'm
28 shocked to hear that.

1 MS. MILTON: Okay.

2 MR. MALONE: They would have installed without a
3 permit.

4 MS. MILTON: Well, under your pole attachment
5 agreement, if someone has one of these attachments on your
6 poles, but they also have another attachment, does the
7 attachment agreement still require them to pay an
8 additional fee for that attachment, so additional fee for
9 the antenna attachment?

10 MR. MALONE: The agreement is structured in that they
11 would pay the loss of productivity factor only for the
12 additional item of an antenna, which at that time with the
13 OEB decision was \$1.92 per pole.

14 MS. MILTON: I see. So you would be proposing to
15 charge whatever loss of productivity cost is approved as a
16 result of this proceeding to those attachments in 2016 and
17 going forward?

18 MR. MALONE: It is our understanding that the Board is
19 reviewing wireless attachments, and that may change in the
20 future.

21 MS. MILTON: Right, so I wanted to go there. So I
22 guess you're aware that on July 30th of this year, the
23 Board issued a letter in its wireless attachment
24 consultation indicating that it intended to launch a
25 proceeding to consider modifying large distributor licences
26 -- and Hydro Ottawa would be a large distributor -- to
27 permit them to charge an unregulated rate for wireless
28 attachments.

1 So, as -- am I correct in understanding that you would
2 consider Rogers wireless attachments or any of these other
3 antenna outside of the communication space to be wireless
4 attachments covered by whatever happens in the proceeding
5 that's to be launched?

6 MR. MALONE: Yes.

7 MS. MILTON: And am I correct in understanding that
8 Hydro Ottawa would support an OEB decision to allow you to
9 charge an unregulated rate for those attachments?

10 MR. MALONE: Yes.

11 MS. MILTON: And so if the OEB does permit this, has
12 the proceeding it's said it's going to launch, and does
13 permit this, would you understand the result of that to be
14 that you would be charging a separate fee for any of these
15 wireless attachments?

16 MR. MALONE: That is correct; it will be a separate
17 fee.

18 MS. MILTON: And that would be a market-based fee?

19 MR. MALONE: That's the current discussion going
20 forward with the Board on wireless attachments. I don't
21 know of any other methodology.

22 MS. MILTON: So if Rogers has a wireline attachment on
23 the pole it's going to pay whatever rate the Board decides
24 in this proceeding, and then if it has a wireless
25 attachment, and the wireless attachment rate becomes
26 deregulated, then you would charge a negotiated fee as well
27 for that wireless attachment; do have I that right?

28 MR. MALONE: This is correct.

1 MS. MILTON: Thank you. Now, in response to (e) at
2 the end you refer to decorative banners, and we have had a
3 bit of discussion on this already. So am I correct in
4 understanding you -- or let me -- do you issue a permit for
5 decorative banners when they are installed on your poles?

6 MR. MALONE: Yes, we do.

7 MS. MILTON: Okay. In questions 1(f), (g), and (h),
8 the Carriers asked for information on the number of poles
9 with no attachers, with one attacher, with two attacher,
10 with four attachers, and five or more attachers, and it was
11 -- they were broken down by different types of attachers,
12 so there were -- we asked for that information for wireless
13 -- wireline attachments -- or attachers, excuse me, we
14 asked for that information for wireless attachers, and we
15 asked for that information for attachers in total.

16 And we were asking for information from, I believe,
17 2010 to 2015.

18 And the response that was provided was the GIS
19 database only has current information.

20 So could I get you to respond to (f), (g), and (h),
21 but only with the current data that is in the GIS database?
22 So not -- I understand you don't have it for 2010, 2011,
23 but for the current data. So it will be -- instead of
24 columns for each year, as we had requested -- so we had
25 columns for 2011, 2012, et cetera -- if you could just do
26 one column with the current data for each those tables.
27 Could you do that for us? Thank you.

28 MS. HELT: Undertaking KTC5 will be to provide the

1 current data in response to Carriers IR 1(f), (g), and (h).

2 **UNDERTAKING NO. JTC1.5: TO PROVIDE CURRENT DATA IN**
3 **RESPONSE TO CARRIERS IR 1(F), (G), AND (H), USING**
4 **RELEVANT DEFINITIONS.**

5 **QUESTIONS BY MR. HARPER:**

6 MR. HARPER: Excuse me. Maybe if I could just ask --
7 in a similar vein -- Bill Harper. You've got gone through
8 a fairly extensive discussions in terms of different types
9 of attachers and who they are. I was wondering if in
10 responding to that you could also be very clear in terms of
11 who is included as an attacher. We understand -- I
12 understand what a wireless one is, but who is included as a
13 wireline attacher, whether that includes Hydro One, whether
14 it includes -- what types -- the city of Ottawa, so we are
15 very clear as to what's included in those numbers.
16 Whatever's in there, if you could just be very clear in
17 terms of what the definition and provide it when you are
18 responding, that would be great.

19 MS. MILTON: We did have definitions in our initial
20 interrogatories, so if you could you use those, that would
21 be great, to the extent your system allows you to respond.
22 If not, if you can explain why and what definition you have
23 used, please do so.

24 MR. MALONE: Yes, I think the only definition
25 clarification was at the beginning of question 1, where we
26 clarified the definition of an attacher and referred back
27 to ESA's 2204 third-party attachment guideline.

28 MS. MILTON: Yeah, that was your definition. In the

1 initial questions, if I could get you to go look back at
2 our initial questions, we actually had definitions for
3 wireline attacher, wireless attacher, other attacher, and
4 attacher.

5 So we had defined those terms for the purposes of
6 these questions, so if you could use those definitions we
7 would ask that you would do so.

8 MR. MALONE: Would those definitions suit his request?

9 MS. MILTON: I believe Mr. Harper might want a little
10 bit more information, because I think he wanted to know who
11 is within each of those categories. We had done it in
12 terms of who's using what space on the pole or what type of
13 attachment.

14 MR. HARPER: I was just wanting to be clear so I
15 understood when I got the answer, we went through a list of
16 the different parties -- Hydro One and new ones added to
17 the list, RCMP. Hydro One had both communications and
18 powerline. I just wanted to be clear so I knew when I
19 looked at the answer exactly what was in there and what
20 wasn't in there so I know how to interpret the numbers.
21 That's all. I'm interested in making sure the definition
22 is really clear.

23 MR. MALONE: Just to clarify on Hydro One, their cable
24 and telecommunications space is a communications-type cable
25 that they use for electrical protection between their
26 substations, so it is very low-voltage relay protection
27 installed in the early '70s by Bell Canada as a contractor.

28 MR. HARPER: So that would fall into the 602 poles

1 that you've defined in part (k) as being distribution power
2 attachments by Hydro One?

3 MR. MALONE: We will query our GIS to determine those
4 numbers.

5 MS. MILTON: Because it is my understanding those are
6 the power attachments.

7 MR. HARPER: Well, that's what I was trying to
8 clarify.

9 MS. MILTON: Not the communications --

10 MR. MALONE: It looks like a telecom cable. It's not
11 considered a carrier. It is for internal purposes within
12 Hydro One electrical systems.

13 MS. HELT: So is it clear, then, to Hydro Ottawa and
14 the parties then which definitions will be used in
15 providing the response to KTC5?

16 It is my understanding from the discussion it was to
17 provide the definitions that have been provided by the
18 Carriers in their question and to make the information as
19 clear as possible with respect to each attacher.

20 MR. HARPER: Yes.

21 MS. HELT: Is that correct?

22 MR. MALONE: And the only company names we would use
23 is really Hydro One. Other than that it would be carriers
24 and street lighting. I don't know, do you use RCMP?

25 MS. HELT: I think that satisfies the intervenors'
26 request, so that will all be part of KTC5.

27 **CONTINUED QUESTIONS BY MS. MILTON:**

28 MS. MILTON: Going to response to 1(1), which is on

1 page 7 of 7 of this interrogatory response, the Carriers
2 asked Hydro Ottawa to pay the -- to provide the rate paid
3 by Hydro One for its use of Hydro Ottawa poles, and their
4 response was that we should go look for the rate on the OEB
5 website.

6 So in that response are you referring to the rate
7 order of the Board dated April 23rd, 2015 approving a Hydro
8 One tariff with an effective date of January 1st, 2015? Is
9 that what you are referring us to?

10 MR. MALONE: Yes.

11 MS. MILTON: Within that tariff are you referring us
12 to the specific charge for LDCs' access to power poles; is
13 that what you are referring to?

14 MR. MALONE: Yes.

15 MS. MILTON: As I read it, I have a copy of that
16 tariff with me, but I don't have copies to give to anyone,
17 but that is a rate for usage of the power space. It does
18 not talk about use of communication space. So I was
19 wondering if I could get you to just provide us with the
20 rates that Hydro One pays you for its usage of your poles,
21 and so we could have that on the record and we understand
22 what the rates are for their communications attachments and
23 what the rates are for their power attachments.

24 MS. HELT: Is that an undertaking Hydro Ottawa can
25 provide?

26 MR. MALONE: Yes.

27 MS. HELT: KTC6 will be to -- in response to Carriers'
28 Interrogatory 1(1), provide the rates that Hydro One pays

1 for usage of Hydro Ottawa poles for the communication space
2 -- and Ms. Milton, the other rate was...

3 MS. MILTON: The rate they pay for their power
4 attachments.

5 MS. HELT: Power attachments. Thank you.

6 **UNDERTAKING NO. JTC1.6: TO PROVIDE A RESPONSE TO**
7 **CARRIERS' INTERROGATORY 1(L), TO PROVIDE THE RATES**
8 **THAT HYDRO ONE PAYS FOR USAGE OF HYDRO OTTAWA POLES**
9 **FOR THE COMMUNICATION SPACE THE RATE THEY PAY FOR**
10 **THEIR POWER ATTACHMENTS.**

11 MS. MILTON: I'm going to move on now to the Carrier's
12 Interrogatory 2, unless any other intervenors have
13 questions.

14 In Carriers 2(a), the Carriers asked for a copy of the
15 reciprocal agreement between Bell Canada and Hydro Ottawa.
16 The response was that the provision of that agreement
17 requires Bell Canada's consent.

18 Did you seek Bell Canada's consent to file a copy of
19 that agreement?

20 MR. MALONE: We're in the process of. We've
21 communicated it to Bell, and we are awaiting their
22 response.

23 MS. MILTON: Can I take that to mean if you do get
24 consent, you will find file that on the public record? Or
25 if you only get consent to file it in confidence, you will
26 file it on the confidential record?

27 MR. MALONE: We've been wondering the relevance of the
28 agreement; so if you could clarify.

1 MS. MILTON: Sure. In reciprocal agreements and the
2 ones we've seen elsewhere between telecom companies and
3 power companies, there are a bunch of rights and
4 obligations which are often very different from the rights
5 that we see in the agreements with other carriers that
6 don't have reciprocal agreements, such as a Rogers, or a
7 TELUS, or a Quebecor.

8 We think that, as in all matters, the rights and
9 obligations are important as to understanding whether a
10 rate is reasonable or not. It is also important to
11 understanding what services are being provided to each of
12 the parties under these reciprocal agreements, because the
13 services that are being provided either way can affect what
14 costs are already being recovered, or what costs being
15 claimed might be in respect of the other parties' poles.

16 So typically, we have found the reciprocal agreements
17 to be quite relevant.

18 MR. CASS: Given that we have not heard back from Bell
19 Canada, perhaps what we will do is we will let you know
20 when we have heard back from Bell Canada.

21 MS. MILTON: In the absence of having that agreement
22 on the record, could I get you to undertake to provide a
23 detailed list -- a detailed description, excuse me, of the
24 rights and obligations of each of the parties, so each of
25 the city, and -- Hydro Ottawa, excuse me, and Bell Canada
26 under that agreement?

27 MR. CASS: No. No. As I've said, we'll respond when
28 we've heard back from Bell Canada.

1 MS. MILTON: I don't understand what the basis is for
2 not providing us with the information. We've established
3 it's relevant. We have evidence due on Monday. I'm not
4 sure I'm following.

5 MS. HELT: It is my understanding that Hydro Ottawa is
6 refusing to provide the documentation now, and they will
7 provide a response to you when they hear back from Bell
8 Canada.

9 So we will just note it is as such on the transcript.

10 MS. MILTON: In Carriers 2(c), we asked whether Hydro
11 Ottawa provides any services to Bell Canada for work such
12 as maintenance on Bell Canada poles.

13 The response is that the relevance of this question is
14 not clear.

15 In our view, the issue is relevant because if Hydro
16 Ottawa is incurring pole-related costs for poles that are
17 owned by others, such as pole maintenance and replacement
18 costs, these costs should not be included in the rate base
19 for Hydro Ottawa poles.

20 So on that basis, could I ask you to respond to the
21 question, which was to provide the amounts received by
22 Hydro Ottawa for work in respect of Bell Canada poles, and
23 indicate whether the amounts fully compensate Hydro Ottawa
24 for its associated costs of providing services to Bell
25 Canada.

26 MR. CASS: I'm not any more convinced of the relevance
27 of this than I was when the question was asked, so we won't
28 answer that today.

1 MS. HELT: So for the purpose of the transcript, then,
2 the response to Carrier's Interrogatory No. 2(c) is being
3 refused on the basis of relevance.

4 MS. MILTON: So in order to pursue this, we would have
5 to bring a motion? Is that what you're telling me?

6 MS. HELT: That's correct.

7 MS. MILTON: So the same would be true of the response
8 to 2(d)? We would need to bring a motion to the challenge
9 the statement that relevance is questioned?

10 MS. HELT: If Hydro Ottawa is taking this position.
11 Is that correct, Mr. Cass?

12 MR. CASS: That's correct.

13 MS. HELT: Yes.

14 MS. MILTON: In Carriers 2(e), we asked for the same
15 information in respect of any other reciprocal
16 arrangements, and you responded that you have a reciprocal
17 arrangement with Hydro One. But the response didn't
18 provide any further information on the Hydro One agreement,
19 other than to tell us -- a cross reference back to the
20 question that said, "Find the Hydro One rates on the OEB
21 website."

22 So could I ask you to provide a copy of the reciprocal
23 agreement with Hydro One as the Carriers requested?

24 MR. MALONE: Similar to Bell Canada, we've put a
25 request out to Hydro One, and to Mr. Cass's earlier
26 comment, we're going to hold that.

27 MS. MILTON: Can you tell me when you made the request
28 to Hydro One?

1 MR. MALONE: Last week.

2 MS. MILTON: So not when we asked the question?

3 MR. MALONE: No.

4 MS. MILTON: And Bell Canada? When was the request
5 made to Bell Canada?

6 MR. MALONE: Last week.

7 MS. MILTON: So I was going to pursue the same
8 questions, the information in 2(c) and 2(d), with respect
9 to Hydro One. Can I take it that Hydro Ottawa takes the
10 position, that the information is not relevant and if we
11 want it, we need to bring a motion?

12 MR. CASS: Yes.

13 MS. HELT: So for the purpose of the transcript, then,
14 the questions set out in 2 (c), (d), and(e) relate also to
15 the request for the Hydro One reciprocal agreement, and
16 Hydro Ottawa is refusing at this time to answer those
17 questions on the basis of relevance.

18 MS. MILTON: I'm going to move on now to Carriers
19 question 4, unless any other intervenors have...

20 So going to Carriers 4, the response begins on page 2
21 of 4, and at the top of the page in response to 4(a),
22 there's an Italicized formula.

23 I just wanted to understand, or make sure we
24 understand what's being provided in that formula. The
25 Italicized equation refers to total OEB rate attachments on
26 Hydro Ottawa poles.

27 So total OEB rate attachments, is that the total
28 number of rate-paying attachments?

1 MR. MALONE: Yes.

2 MS. MILTON: So it would include Hydro One
3 attachments?

4 MR. MALONE: Yes.

5 MS. MILTON: And it would include street light
6 attachments?

7 MR. MALONE: That would be the 13,265 attachments,
8 specifically street lighting.

9 MS. MILTON: Right. And as I understand this
10 response, this is 2013 data. As we discussed before, the
11 GIS system -- which is where I understand you have this
12 kind of information stored -- the GIS system only has
13 current data. So could you tell me where this 2013 data
14 came from?

15 MR. MALONE: That was the query that we ran at the end
16 of 2013, to specifically take a look at our different types
17 of attachments in preparation for this rate filing.

18 MS. MILTON: Could I get you to rerun those numbers
19 based on the current information in your GIS database?

20 MR. MALONE: That would be undertaking number?

21 MS. HELT: Number 7. And my apologies, I've been
22 referring to these undertakings as KTC; normally we refer
23 to undertakings with the letter J. There is not much logic
24 between K and J, but for the purpose of your records, I am
25 going to -- and ask the court reporter if we could refer to
26 the undertakings starting with letter J.

27 So this will be JTC7, to run the current GIS data for
28 the question that was set out in Carriers 4(a).

1 MR. MALONE: Previous undertakings will still
2 remain K?

3 MS. HELT: Previous undertakings we'll mark as J,
4 please. I apologize for that inconvenience.

5 **UNDERTAKING NO. JTC1.7: TO RUN THE CURRENT GIS DATA**
6 **FOR THE QUESTION THAT WAS SET OUT IN CARRIERS 4 (A) .**

7 MS. MILTON: And are all of these attachments -- these
8 are attachments on Hydro Ottawa-owned poles?

9 MR. MALONE: Yes.

10 MS. MILTON: And the 35,663, they are all Hydro
11 Ottawa-owned poles?

12 MR. MALONE: Yes.

13 MS. MILTON: Then if we drop down to the response to
14 4(d) -- it starts on page 3 of 4 -- in that question the
15 Carriers asked whether Hydro Ottawa power facilities such
16 as transformers ever encroach on the separation space. And
17 the response talks about legacy wireline attachments in the
18 separation space, but I wonder if you could tell us, do
19 Hydro Ottawa power facilities ever encroach on the
20 separation space on its poles?

21 MR. MALONE: With the current installations since
22 2001, no; previously, yes, those legacy installations.

23 MS. MILTON: Okay. I'm done with question 4.

24 MR. HARPER: You managed to cover off my questions as
25 well. Thank you.

26 MS. MILTON: Turning to Carriers 5, and the Carriers
27 asked whether the rate that Hydro Ottawa was seeking would
28 apply to any poles operated by Hydro Ottawa but owned by

1 third parties.

2 And in the response to (a)(iii) the response was
3 currently Hydro Ottawa does not manage third-party-owned
4 poles, and I wondered, what do you mean by "manage"?

5 MR. MALONE: Across Canada there are several different
6 types of pole models where maybe an ILEC would control that
7 telecom space, although the pole may be owned by an
8 electrical distributor. That's not the case with Hydro
9 Ottawa.

10 The other one is, I just wanted to clarify the notion
11 of control. I think you're talking about financial and
12 authorization control. We also on our side of the house
13 have electrical control, so you would have an electrical
14 control authority, and any work in that zone would be going
15 through that control authority.

16 So I just wanted to make a distinction. In fact, we
17 don't manage third-party poles in terms of the attachments,
18 if they're accepted, denied, or whatever the outcome.

19 So it may be a city-owned pole; it may be a Bell
20 Canada pole. We do not have control, financial and
21 authorization control of those poles.

22 MS. MILTON: Just to make sure I understand your
23 response, you're saying, so Hydro Ottawa may use a Bell
24 Canada pole, but on that pole you would have no authority
25 to do -- manage or get revenues from the communication
26 space. Am I -- is that what --

27 MR. MALONE: That's correct. That's federal
28 jurisdiction with a Bell Canada pole, and Hydro Ottawa has

1 no basis for invoicing on those poles. It would be a Bell
2 Canada function.

3 MS. MILTON: So similarly, on your own poles on the
4 communication space, that space is solely managed by Hydro
5 Ottawa? Not by Bell Canada, for example?

6 MR. MALONE: Yes, it is solely managed by Hydro
7 Ottawa.

8 MS. MILTON: Now the response says "currently". Did
9 you do so in the past, any of this management of third-
10 party poles? I just -- the "currently" struck me.

11 MR. MALONE: No. We are just looking into the future.
12 We don't know what's coming down, so we can't speak about
13 the future. So we're just saying the current situation is
14 we don't manage -- if Bell Canada had asked us to manage
15 their poles, would we entertain it. We haven't gone there.
16 The city of Ottawa, the six Rogers poles in the city of
17 Ottawa, would they ask us to manage them. They haven't.

18 MS. MILTON: And you are not aware of any discussions
19 along those lines right now?

20 MR. MALONE: No. Not at all.

21 MS. MILTON: I was going to move to Carrier 6. On
22 page 2 of 3 of that response near the top there's a table
23 1. And the middle line talks about in-service poles, and
24 it gives a number of poles. For example, the 2013, the
25 number is 47,978.

26 Can you tell me where these in-service pole numbers
27 come from, what database? Is that a GIS number as well?

28 MR. MALONE: Yes, yes, it is. So what we do at the

1 end of the year, we run a general query on a lot of our key
2 assets and record that for dealing with the Board, dealing
3 with other LDCs, and dealing with general questions: How
4 many transformers we own, how many underground chambers,
5 how many electrical customers, how many poles we own, so
6 that's where that number comes from.

7 MS. MILTON: So on some matters, like number of poles,
8 you run a query at the end of each year, and you save that
9 data, and then the GIS system, though, gets just updated
10 with the current information, so if I asked you now, you
11 could only go in and get the number now, but it's because
12 you went in at the end of each year and printed the
13 information? Is that...

14 MR. MALONE: Yes.

15 MS. MILTON: Okay. These numbers of in-service poles
16 in this table, do they include both wood and non-wood
17 poles?

18 MR. MALONE: Yes. There are several types of
19 material, although the majority are wood.

20 MS. MILTON: So the net book value that's reported
21 there, that would be the net book value for all of your
22 poles regardless of whether there they're wood or not wood.
23 Or...

24 MR. MALONE: That's correct.

25 MS. MILTON: And if we drop down on the page to the
26 response to (c), and there you have some numbers as well
27 that you've used to generate a pole cost, the
28 147.1 million, is that -- is that cost for all of your

1 poles, wood and non-wood?

2 MR. MALONE: Yes.

3 MS. MILTON: Is this number, this 147.1 million, is it
4 anywhere else other than -- I mean, other than used in the
5 context of the pole rate, is it anywhere else -- is there
6 anywhere else we could find this number on the record of
7 this proceeding?

8 MS. COLLIER: So this information is presented in
9 accordance with Canadian GAAP, so our entire proceeding
10 with the exception of this table, for example, is under
11 IFRS, so, no.

12 MS. MILTON: And as I understand it, you're saying
13 this is from your 2013 financial records for external
14 reporting purposes?

15 MS. COLLIER: Which was Canadian GAAP.

16 MS. MILTON: And I was a bit confused, because if we
17 could just go to your response to Allstream 3 just for a
18 minute.

19 So in that response -- actually, no, it is Allstream
20 2. My apologies, Allstream number 2. There was just one
21 page of that response. But in response to their 2(c) they
22 asked you to confirm if the net embedded cost was based on
23 a bare pole and, if not, file bare cost information. And
24 their response was:

25 "The net embedded cost is not based on a bare
26 pole basis, but rather includes the cost
27 associated with account 1830."

28 So could you explain to me the relationship between

1 account 1830 and these GAAP -- and the GAAP number?

2 MS. COLLIER: It is the same account, it is just
3 historically it was under C GAAP, and now it's under IFRS.

4 MS. MILTON: I see, so there are two sets of accounts.
5 One is --

6 MS. COLLIER: Currently, yes.

7 MS. MILTON: Okay, MIFRS. Can you tell me why you've
8 decided, for the pole attachment rate and for that rate
9 alone, to use your external records rather than MIFRS?

10 MS. COLLIER: In response to Carrier 7, table 1, you
11 can see the side-by-side comparison. The original column
12 is the C GAAP numbers, and the revised column is the IFRS
13 numbers.

14 At the time this was prepared, the 2013 financial
15 results as audited was what was used. But we would likely
16 go with the revised IFRS numbers in concluding these
17 calculations.

18 MS. MILTON: So you are now proposing to base the rate
19 on the IFRS numbers?

20 MS. COLLIER: As you can see in table 1 to Carrier 7,
21 there are differences in net book value and differences in
22 depreciation. But the rate is almost identical in
23 totality.

24 MS. MILTON: I wonder if we could go to Exhibit B, tab
25 1, schedule 2, page 89? On the top of this page in table
26 2.2.5, the first row of the table talks about poles, and it
27 gives a number of 59,450 poles.

28 Can you tell me what year this pole count is for?

1 MR. MALONE: Bill, on the asset management plan?

2 MR. BENNETT: I'd have to get back to you whether it's
3 2014 or 2015 -- 2014 or 2013, I should say.

4 MS. MILTON: Could you undertake to get back to me on
5 that?

6 MR. BENNETT: Yes.

7 MS. HELT: So undertaking JTC8 will be to provide the
8 year that the numbers reflected in table 2.2.5 stem from.

9 I believe that was Exhibit B, tab 1, Schedule 2, page
10 89 of 2014.

11 **UNDERTAKING NO. JTC1.8: WITH REFERENCE TO EXHIBIT B,**
12 **TAB 1, SCHEDULE 2, PAGE 89 OF 2014, TO PROVIDE THE**
13 **YEAR THAT THE NUMBERS REFLECTED IN TABLE 2.2.5 STEM**
14 **FROM; B, TO PROVIDE WHAT YEAR THE NUMBER IS AS**
15 **REFLECTED IN THE TABLE ON PAGE 89 OF 2014 AND AS**
16 **REFLECTED IN THE FIRST PARAGRAPH ON PAGE 93 OF 214; C,**
17 **TO CLARIFY ANY DISCREPANCY BETWEEN THE NUMBERS**
18 **REPORTED IN TABLE 1 IN RESPONSE TO CARRIERS 6(A) AND**
19 **THE NUMBERS REPORTED IN THIS DOCUMENT WE'VE JUST BEEN**
20 **LOOKING AT**

21 MS. MILTON: Then if we could go over to page 93 of
22 this document, at the top of that page it says that Hydro
23 Ottawa owns 47,815 wood and 537 non-wood, and it talks
24 about operating on an additional 11,635 wood and 126 non-
25 wood which are owned by third parties.

26 Could you tell me what year those numbers are for?

27 MR. BENNETT: I can confirm that when I confirm the
28 others.

1 MS. HELT: Why don't we mark that all as part of
2 JTC.8, to provide what year the number is as reflected in
3 the table on page 89 of 2014 and as reflected in the first
4 paragraph on page 93 of 214.

5 MS. MILTON: And I suspect you don't have a calculator
6 on you, but I added up these numbers for the number of
7 owned poles, Hydro Ottawa-owned poles. It is 48,352. And
8 for the total number of poles owned and operated on, it is
9 60,113.

10 When I go back to look at that table 1 we were looking
11 at in response to Carriers 1(a), I don't see either of
12 those numbers for any year.

13 So I was wondering if you could explain why I can't
14 line up those numbers.

15 MR. BENNETT: Again, in the undertaking we'll provide
16 some information on that.

17 MS. MILTON: So, the undertaking will also clarify any
18 discrepancy between the numbers reported in table 1 in
19 response to Carriers 6(a) and the numbers reported in this
20 document we've just been looking at?

21 MR. BENNETT: Correct.

22 MS. HELT: So that will again be part (c) of
23 undertaking JTC8.

24 MS. MILTON: If I could also get you now to go to the
25 Hydro Ottawa distribution system plan 2016, which was
26 attachment 1(a) to exhibit B, tab 1, schedule 2, and page
27 43 of that document.

28 I think it is attachment 1(a), and it's the Hydro

1 Ottawa distribution plan 2016. I think it is an attachment
2 to this document, perhaps. Attachment 1(a).

3 It didn't have the page numbers linking it to a
4 schedule; it was an attachment to this part of the filing.

5 On page 43 of that document, if you could scroll down
6 to the bottom of this section 3.1, the last paragraph of
7 3.1, I think we've gone -- okay, there it is. Down a
8 touch. In the last paragraph, it says that:

9 "Hydro Ottawa recommends replacement of an
10 average of 1,250 poles, which represents
11 approximately 10 per cent of its entire pole
12 population."

13 And then if we drop down to the bottom of the page, we
14 see again in 3.2.2 the same numbers for owned wood and non-
15 wood and operated wood and non-wood and operated wood and
16 non-wood, as we saw before.

17 Then if we go over to page 46 of this document, and
18 down to figure 19, then you see figure 19 -- just go back a
19 bit so we can see the whole figure, thank you. Figure 19
20 talks about 48,466 as being 80 per cent of Hydro Ottawa's
21 pole population, so by that I understand that you must be
22 referring to the population both of Hydro Ottawa-owned
23 poles and third-party poles that you operate on; is that
24 correct?

25 MR. BENNETT: That's correct.

26 MS. MILTON: So what I'm confused about is why Hydro
27 Ottawa is talking about replacement of third-party poles
28 and how this relates to the embedded pole costs we've seen

1 in the replacement pole costs, so can you tell me why
2 you're talking about replacement of poles you don't own?

3 MR. BENNETT: Casey indicated, so we don't manage the
4 communication space, but on the poles that we don't own,
5 the primary function from a safety point of view is the
6 power space and the ability of the pole to hold up the
7 equipment in the power space.

8 So in our case we basically spend a lot of time making
9 sure that those poles are safe and capable of holding up
10 our equipment and holding up a person climbing the pole.

11 MS. MILTON: So are the costs of looking after those
12 third-party poles, are those costs included in your
13 maintenance costs for poles?

14 MR. BENNETT: No, the cost of the work that we do with
15 those poles is in the agreement with Bell Canada.

16 MS. MILTON: So none of those costs are included in
17 the net embedded pole costs that you've provided to us, and
18 we looked at them in an earlier response?

19 MR. BENNETT: Correct.

20 MS. MILTON: How do you ensure that none of those
21 costs -- the costs that you incur to look after or manage
22 or test third-party poles -- how do you ensure those costs
23 aren't included in the cost that we're seeing for that
24 account 1830 and your maintenance cost?

25 MR. BENNETT: How do we ensure? The costs that are
26 associated with the Bell Canada poles are dealt with in the
27 Bell Canada agreement, so we have an agreement about
28 replacing the poles with Bell Canada, who pays who what.

1 MS. MILTON: Strikes me that that agreement is
2 becoming more relevant than it was before, but we'll -- I
3 assume we still have to pursue that.

4 MR. CASS: I don't see how this is becoming relevant
5 at all, but you can carry on with your questions and you
6 can do as you see fit.

7 MS. MILTON: So the same people would do the
8 examination of the Bell Canada poles as would do the
9 examination of your own poles; is that correct? When you
10 are looking at these poles, the third-party poles?

11 MR. BENNETT: It depends. Potentially they would be.
12 Bell Canada does some as well, but it gets logged in our
13 GIS system, as Casey identified. We gave a pole rating in
14 the GIS system, and then we take a snapshot of that. We do
15 a query on that, and we come up with the information that
16 you see on this graph. And based on the information in the
17 graph we come up with a pole replacement plan, and in some
18 cases there is Bell Canada poles as part of that plan, in
19 which case there is a cost-sharing arrangement for the
20 replacement of those poles.

21 MS. MILTON: So for your share of the cost of
22 replacing a Bell Canada pole, what happens to your share of
23 the cost? Does that get recorded in account 1830?

24 MR. BENNETT: Our share of the cost for Bell Canada
25 pole? That's a good question. It is not capitalized in
26 the sense of our own pole.

27 MS. COLLIER: Yeah, it's not. The 1830 is a capital
28 cost, and we do not capitalize poles that we do not own.

1 MS. MILTON: Would that cost have been captured in
2 your external system of accounts, the number you're using?

3 MS. COLLIER: No, no.

4 MS. MILTON: So just to close this off, back on
5 Carriers 6(a), that table 1, the net book value that you
6 are reporting there, none of those numbers include any
7 costs associated with third-party-owned poles?

8 MS. COLLIER: That's correct.

9 **QUESTIONS BY MR. HARPER:**

10 MR. HARPER: Can I just ask a follow-up to that?
11 Elsewhere in your US of A accounts you record OM&A costs.
12 And would it also be fair in saying that none of the costs
13 that you pay -- none of the costs involved in your cost-
14 sharing arrangements with Bell for replacement of these
15 poles would show up in your OM&A accounts, either, that are
16 included in this application? I mean, if it isn't treated
17 as capital, is it treated as OM&A, and I guess the only
18 other third place it could possibly be treated is, would be
19 as a miscellaneous accounts payable. I'm just trying to
20 figure out where it does go in your books.

21 MR. BENNETT: So the power equipment on the pole is
22 recorded. That's ours. We own it. The pole is Bell
23 Canada's. The arrangement is basically an owner-contractor
24 type of arrangement. So if Bell Canada needs the pole
25 replaced, Hydro Ottawa is paid to replace the pole. There
26 is a fee in the agreement for us to replace the pole, and
27 our costs associated with our hardware are our costs.

28 MR. HARPER: Okay, I --

1 **CONTINUED QUESTIONS BY MS. MILTON:**

2 MS. MILTON: So just following up on that: If there
3 are power fixtures on a Bell Canada pole, would those
4 fixtures be included in account 1830?

5 MR. MALONE: No.

6 MS. MILTON: No cross-arms for those poles included in
7 1830?

8 MR. MALONE: We have got away from cross-arms. We end
9 up using brackets, but... Modify that response. Yes,
10 there will be some fixtures with the transfer of the
11 conductors and devices from the old pole to the new pole.

12 MS. MILTON: Okay. I'm going to -- my next question
13 is on Carriers 11.

14 MS. HELT: Perhaps, Ms. Milton, Board Staff just has a
15 follow-up question with respect to Carriers 6.

16 **QUESTIONS BY MR. CLARK:**

17 MR. CLARK: In Carriers 6(c) -- we touched on this a
18 moment ago -- you are claiming that the costs are based on
19 your non-regulated costs? In other words, you're using
20 your records based on C GAAP, not IFRS; am I correct?

21 MS. COLLIER: That's correct.

22 MR. CLARK: And we're trying to establish a rate for
23 attachments to the poles going forward, are we not?

24 MS. COLLIER: That's correct.

25 MR. CLARK: Why would you not use your estimated 2016
26 pole count and your estimated 2016 cost based on IFRS,
27 considering that it is IFRS that underpins any regulated
28 rate?

1 MS. COLLIER: Maybe I'll answer. We likely should
2 have. At the time this information was pulled together, it
3 was pulled together using the 2013 C GAAP results, but as
4 presented in table 1 to Carriers Question No. 7, we do
5 provide the comparison, and the rate is basically the same.

6 MR. CLARK: But that's based on 2013.

7 MS. COLLIER: It's based on 2013, but you notice at
8 the bottom of the table 1 it includes a 2.1 inflation
9 factor from '13 to '16.

10 MR. CLARK: That assumes uniform increase in the
11 number of poles and attachments in the existing ratio.
12 Okay. That's fine. Thanks.

13 MS. HELT: Perhaps this is a good time to take the
14 morning break. We'll break until 11:30.

15 Ms. Milton, do you know how long you will be with the
16 remainder of your questions? I'm just wondering if we'll
17 be get through this panel by the lunch hour if we take a
18 later lunch. I'm not sure, depending on your time
19 estimate.

20 MS. MILTON: I'm hoping about half an hour.

21 MS. HELT: All right, so then we we'll break until
22 11:30. Thank you.

23 --- Recess taken at 11:13 a.m.

24 --- On resuming at 11:30 a.m.

25 MS. HELT: Welcome back, everyone. I believe Mr.
26 Harper is going to go next with a question that he has.

27 **QUESTIONS BY MR. HARPER:**

28 MR. HARPER: Yes, if you'd turn to your response to

1 Carriers 10, could you perhaps confirm for me -- you are
2 going through here the calculation of the 6.7 per cent
3 weighted average cost of capital.

4 Could you please confirm for me that the calculation
5 of the ROE component of this does not include any mark-up
6 for income taxes?

7 MS. COLLIER: The ROE component is after tax.

8 MR. HARPER: So there is no provision in here for
9 monies Hydro Ottawa may have to pay for income tax
10 associated with the ROE?

11 MS. COLLIER: The 6.7 per cent is a bit of a hybrid
12 with regards to tax. The debt is before tax, but the
13 equity is obviously after tax.

14 MR. HARPER: I guess that nowhere else in the rate
15 calculation have you made a provision for income taxes as a
16 cost associated with carrying these poles?

17 MS. COLLIER: That question may be more directed to
18 panel 2.

19 MR. HARPER: But, I mean, you've got a -- I just
20 looked at the table that showed the different components of
21 the rates, and there was -- I saw OM&A, I saw depreciation,
22 but there is no line there explicitly for income tax, then,
23 is there?

24 MS. COLLIER: That's right. Other than in the 6.7,
25 there is an element of tax in there because the ROE
26 component is after tax.

27 MR. HARPER: You're going to have to explain to me
28 how, if it's after tax, it's actually got an ROE --

1 supposedly the ROE would be higher if it was before tax
2 number, because it would make a provision for the income
3 tax you have to pay. And if the 6.7 is after tax, it is
4 therefore a lower number. Is that not the case?

5 MS. COLLIER: Again, I'll defer to panel 2 when our
6 tax person is on the panel.

7 MR. HARPER: That will be fine.

8 **CONTINUED QUESTIONS BY MS. MILTON:**

9 MS. MILTON: Could I get you to go to the response to
10 Carriers 11? The responses begin on page 2 of 3.

11 In Carriers 11(a), the question asked for a detailed
12 description of all activities undertaken as part of pole
13 maintenance, including the tasks performed, the employee
14 categories involved, the hourly wages and vehicle time to
15 complete each task.

16 In response you said that:

17 "Pole maintenance expenses captures pole testing,
18 repairs, and straightening."

19 So, first off, I wonder if you could tell me what pole
20 straightening is.

21 MR. MALONE: If the pole wasn't designed to be on an
22 off angle -- in some cases, if you are on a hill, it may
23 be. But if the pole isn't reasonably perpendicular, so you
24 are looking at a pole that is maybe five degrees off-
25 vertical, is it a concern? Is it a reliability or safety
26 concern?

27 At some point, a ten per cent leaning of the pole may
28 cause concern, and you may be going back and straightening

1 the pole.

2 MS. MILTON: Pole testing, repairs, and straightening,
3 that's the end entire universe of activities that you
4 include within pole maintenance; is that right?

5 MR. MALONE: Yes.

6 MS. MILTON: Would you have available the number of
7 poles per year that require testing, or that you do testing
8 on, and similarly the number of poles per year that you do
9 repairs on, and the number of poles per year that you do
10 straightening on?

11 MR. MALONE: I'm going to put that to Bill as part of
12 the asset management plan.

13 MR. BENNETT: The poles per year for testing, we can
14 generate the number for that. What were the other
15 categories you want?

16 MS. MILTON: Pole repairs and pole straightening, so
17 each of the tasks that you've said are covered by the pole
18 maintenance expense.

19 MR. BENNETT: We can undertake to see what we can
20 find. I don't believe we would have actual numbers of
21 poles straightened, et cetera, as a category. But we'll
22 see what we can find.

23 MS. MILTON: Okay, great.

24 MS. HELT: So undertaking JTC.9 will be to further
25 elaborate on the response to Carriers 11, and to make best
26 efforts to provide the number of poles per year that
27 required testing, that required repairs, and that required
28 straightening.

1 Just one question, Ms. Milton: Which years are we
2 looking at?

3 MS. MILTON: Ideally, we'd like to see it through 2011
4 through 2015. But if you don't have historical, then just
5 current.

6 MS. HELT: All right. So that will be included with
7 the undertaking.

8 **UNDERTAKING NO. JTC1.9: TO FURTHER ELABORATE ON THE**
9 **RESPONSE TO CARRIERS 11, AND TO MAKE BEST EFFORTS TO**
10 **PROVIDE THE CURRENT NUMBER OF POLES PER YEAR THAT**
11 **REQUIRED TESTING, THAT REQUIRED REPAIRS, AND THAT**
12 **REQUIRED STRAIGHTENING**

13 MS. MILTON: Now in 11(b), we asked for a detailed
14 description of the methodology, including the source of the
15 data used to determine the claimed pole maintenance expense
16 of \$12.61 per pole.

17 The response says that as of year-end of 2013, total
18 pole maintenance was 605,081. Can you tell me where that
19 605,081 number comes from?

20 MR. MALONE: We ran it against our pole maintenance
21 account for the end of 2013.

22 MS. MILTON: So you have a separate pole maintenance
23 account?

24 MR. MALONE: Yes, as per defined through C GAAP and
25 our IFRS processes.

26 MS. MILTON: Does that account track your pole
27 maintenance expense on all Hydro Ottawa-owned poles?

28 MR. MALONE: I would take that as an undertaking.

1 MS. COLLIER: Yes, I can confirm that.

2 MS. MILTON: Does it include maintenance cost on any
3 third party poles?

4 MS. COLLIER: No, those are tracked in our work-for-
5 others account. Any work on third party poles is not
6 tracked within this account.

7 MS. MILTON: It is tracked separately?

8 MS. COLLIER: Yes.

9 MS. MILTON: Can you tell me what account it would be
10 tracked in?

11 MS. COLLIER: It would be included in our work-for-
12 others category. I don't have the account number.

13 MS. MILTON: Can we get you to undertake to provide
14 the account number?

15 MS. HELT: That will be undertaking JTC10, to provide
16 the account number.

17 **UNDERTAKING NO. JTC1.10: TO PROVIDE THE ACCOUNT NUMBER**
18 **WORK FOR OTHERS IS TRACKED IN**

19 MS. MILTON: In the first part of this response to
20 (b), you say "the cost per pole of each program." So do I
21 take it from that that you actually track the costs of each
22 of the pole testing, pole repairs, and pole straightening?
23 Is that what you are referring to when you say "the cost
24 per pole of each program"?

25 MR. MALONE: We have a specific testing program. The
26 repairs and straightening are applied directly to the
27 maintenance account, not as a program, because there is so
28 small an amount of repairs and testing -- or straightening,

1 as a lot of the costs are associated with the testing
2 program. Which -- the testing program is specifically the
3 Hydro Ottawa poles.

4 MS. MILTON: So my understanding is you track
5 everything, everything goes into this account that's being
6 used to come up with this 605,081. You aren't doing any
7 separate addition of these specific program costs to come
8 up with this 605,081? Is that --

9 MR. MALONE: No.

10 MS. MILTON: When you talk about maintenance on poles,
11 would that include maintenance on all of the pole and
12 fixture assets that are included in account 1830?

13 MR. MALONE: Yes, it would.

14 MS. MILTON: If we could go over to response 11(f),
15 which is on page 3 of 3, there is a table 1 there which
16 shows pole maintenance expense from 2010 to 2015.

17 And if we just look at the top line there, in 2010
18 pole maintenance expenses, you know, 362,000, it's up to
19 449 in 2011, and then it jumps to 656 in 2012. And I'm
20 wondering if you can tell me what is behind this very
21 significant increase in pole maintenance expenses between
22 2010 and 2012.

23 MR. BENNETT: I don't have any specific information
24 here, but I can tell you, based on our reliability
25 information, 2011, we had severe wind storm. We had a
26 number of poles fall down. We had a lot of damage to our
27 overhead system, and I'm expecting that that's reflecting
28 in the maintenance that was done through 2012.

1 MS. MILTON: But the numbers appear to be staying up
2 in the 600,000, or they're dropping down in 2014 some, but
3 still well above 2010, so were there wind storms every
4 year, or can you --

5 MR. BENNETT: 2011, 2012, both were, I'll call them
6 severe weather years for us. As is described in our asset
7 management plan, the system's aging. The poles are aging.
8 That's kind of how it goes.

9 MS. MILTON: So do I take it then you're saying that
10 because the poles are getting older you are paying more for
11 pole repair? Because I would have thought your pole
12 testing remains more or less the same.

13 MR. BENNETT: The -- as the system ages you end up
14 spending typically more money on maintenance, yes.

15 MS. MILTON: Because of more pole repairs or what?

16 MR. BENNETT: Yes, pole repairs, yes.

17 MS. MILTON: Because the number of poles is also
18 declining each year; correct?

19 MR. BENNETT: Well, it's relatively constant.

20 MS. MILTON: Okay, and if we drop down below there
21 there's note (i), and it says:

22 "2010 to 2014 total pole maintenance expense data
23 is taken from JDE Enterprise."

24 Can you tell me what JDE Enterprise is and how that
25 links up to the earlier response that this is a separate
26 account and you're going to provide me the account number?

27 MS. COLLIER: Yes, JDE is our accounting -- JDE
28 Enterprise is our accounting system, so both the C GAAP

1 numbers and the IFRS numbers come out of that same system.
2 So all it means is it's coming from our accounting system.

3 MS. MILTON: Okay. And I heard you a minute ago say
4 the number of poles is relatively constant. In little note
5 (iv) there is a reference to an average decline in poles,
6 and I'm just wondering, can you tell me what is behind that
7 average decline that you're seeing? And I take it they may
8 not be huge numbers, but can you give me -- help me
9 understand why there is some decline in the number of
10 poles?

11 MR. MALONE: As we rebuild our system, we take a look
12 at probably better ways to install poles: Do we need the
13 same number of poles? Instead of replacing ten poles, can
14 we replace it with nine poles?

15 So there is a decline. I mean, what we try to do is
16 be a bit more efficient with our system on its rebuild, as
17 well as -- on relocations as well. At that point in time
18 you have the opportunity to look at it, versus poles that
19 were installed maybe 40 or 50 years ago, slightly different
20 approach in terms of the engineering and road geometry, so
21 there is opportunities to reduce it.

22 So in fact, as Bill mentioned, we are having a very
23 slight decline, although the number of our customers or
24 city roads expand, so -- mind you, at the same time, there
25 is probably more underground installations with those new -
26 - new subdivisions.

27 **QUESTIONS BY MR. HARPER:**

28 MR. HARPER: Yes, I just have a couple of questions

1 with respect to Carriers 11.

2 First one has to do with your response to part (d),
3 where you indicated that tree-trimming costs were not
4 included in the calculation of the maintenance. I was
5 wondering if you could just explain why that was the case?

6 MR. BENNETT: Tree-trimming costs, we don't trim for
7 communications space, we trim for the power space, and we
8 don't trim on customers' property, typically, unless it is
9 a power-space issue, so...

10 MR. HARPER: So I guess maybe the other part of that
11 question I think had asked you about whether wireline
12 attachers perform their own tree-trimming and pay for it
13 separately, and I guess that's what sort of twigged me in
14 terms of your response, if you just tree-trimmed -- if you
15 just trim for the space that is going to affect the
16 powerline, do wireline attachers go back and trim the trees
17 again for any impact it may have on their lines?

18 MR. MALONE: We -- in one of our questions on loss of
19 productivity, we note wires low, wires down, trees and
20 wires, so they're non-Hydro Ottawa wires, so as per our
21 agreement, negotiated agreement through CCTA and MEARIE,
22 CCTA was very adamant that tree-trimming cost would not be
23 in there unless there is a massive storm, some one-off
24 event. Other than that, they would bear their own costs.

25 So what we do is we're basically response. We don't
26 know what wire's down or what trees are in wires, so as the
27 more hazardous utility, we first respond, and then refer to
28 the asset owner, the telecom, that they have to go and take

1 care of their plant.

2 MR. HARPER: I guess my question was dealing more
3 specifically with regular tree-trimming maintenance than
4 your response to wires down or sort of, you know, those
5 more sort of one-off events, and so just more specifically
6 to the question which I guess was asked and which I was
7 trying to follow up on, do the wire providers, do the tree
8 -- any tree-trimming that's required around their own
9 wires? I guess you don't do any of it, so I'm assuming the
10 corollary of that would be they would do it?

11 MR. MALONE: They would do it. We don't know the
12 specific details of any carrier's vegetation management
13 program. That would probably be in another venue.

14 MR. HARPER: Okay. No, that's fine. The second
15 question I had in this -- with respect to Carriers 11 was
16 with respect to the section you were just -- the table you
17 were just talking about with Ms. Milton that had to with
18 your -- has to do with your determination of the 2015 HOL
19 maintenance cost, which you understand -- you calculate by
20 taking basically an average of the last five years to come
21 up with that number?

22 MR. MALONE: 2015 number --

23 MR. HARPER: If I read footnote number 3 there, it
24 says your estimate for 2015 was based by basically taking
25 an average of the 2010 through 2014 values.

26 MR. MALONE: Uh-hmm, yes.

27 MR. HARPER: And so I guess in doing that average I
28 guess one thing just doing that average -- would you agree

1 with me in doing that average there is no recognition of
2 the fact that there is likely to be between 2010, even up
3 to 2015, some inflationary pressures on your costs through
4 that period?

5 MS. COLLIER: There would be inflationary pressures on
6 costs in every year, but we took an average, and in some
7 years it might be higher because of the storm, so we felt
8 that the average was the most appropriate number to use.

9 MR. HARPER: Yes, but you acknowledge there would be
10 some -- you know, these -- if I was to use 2010 to estimate
11 2015, I would be missing an issue around inflation, though.

12 MS. COLLIER: You would, but then in '11 -- or in '12,
13 for example, as Bill mentioned, it might be a bit higher
14 because of storms, so...

15 MR. HARPER: As a separate factor?

16 MS. COLLIER: Exactly.

17 MR. HARPER: Thank you.

18 **CONTINUED QUESTIONS BY MS. MILTON:**

19 MS. MILTON: So if I could get you to go to Carriers
20 12 now, and the response that starts on page 2 of 5. And I
21 just want to understand a bit better some of the numbers
22 that are used in (a) (i), (ii) and (iii).

23 So in (a) (i) there is a reference to 16 hours per year
24 of invoicing, and as I read the response, that's based on
25 tracking you do by an internal finance scheduling calendar.

26 Can you tell me what this internal finance scheduling
27 calendar is?

28 MR. MALONE: Yes, our accounts receivable department

1 has scheduled, at the end of every year, the invoicing for
2 third-party attachments, and it's -- they've set aside two
3 days for one person over the last few years to accomplish
4 that task.

5 They want to make sure it's done in a timely fashion,
6 so it is usually started at the end of November to ensure
7 the third parties do have invoicing by end of year.

8 MS. MILTON: So that's a calendar that establishes
9 allocations of time each year; it's not a tracking system
10 where people record their time?

11 MR. MALONE: That is an annual call-up event.

12 MS. MILTON: Does every rate-paying attacher receive
13 one invoice per year?

14 MR. MALONE: They may receive two, depending on the
15 agreement, so I'm thinking of the competitive carriers.
16 It's a double invoice, so you pay for the attachments in
17 advance for the year in advance, and there is a true-up at
18 the end of the year.

19 So at the end of the year, you are paying for any
20 additional attachments that came on during the year, as
21 well as you are paying for the next year as well. So you
22 would see two invoices.

23 MS. MILTON: Then dropping down to part (ii), it
24 refers to 167 per year, and this is for annual routine
25 updating of GIS permit tracking and reporting system with
26 third party attachments.

27 So, am I correct in understanding that this is
28 intended to represent the amount of time each year to enter

1 new permit into the GIS system?

2 MR. MALONE: Yes.

3 MS. MILTON: And am I correct in understanding that
4 for each permit, if it's new attacher, you would include in
5 the GIS system the name of that attacher and -- is that
6 correct? You would put that into the system for that pole?

7 MR. MALONE: Yes.

8 MS. MILTON: Would you also -- does the GIS system
9 include information on each attachment, or just each
10 attacher on the pole?

11 MR. MALONE: Attachments. So for -- I'm just trying
12 to go to my time in GIS a number of years ago in operating
13 the system.

14 It does attachers, where the attacher has multiple
15 attachments. So if there is a carrier and they own a
16 support strand, and they are having over-lashing multiple
17 cables on their support strand, they may have multiple
18 attachments, no, we would log that as one.

19 But if they have multiple support strands, we would
20 track that. So a carrier may have two or three support
21 strands, and all the cables over-lashed, and we would track
22 that as separate attachments. But in fact that carrier
23 would be only invoiced for the one pole.

24 MS. MILTON: Okay, and I'm just trying to understand
25 what's involved in this updating of the GIS system.

26 So if the attacher is already on the pole and already
27 has strand, and there is no new strand, there would be no
28 change to the system if --

1 MR. MALONE: That would be correct. The approved
2 permit would come down, and it would be reviewed with that
3 specific pole calling it up. Is there any changes? Is
4 there -- is it new, a new attacher? Is it an existing
5 attacher with a separate support strand, an existing
6 support strand? Is it a removal request?

7 MS. MILTON: So for the part that is the admin cost,
8 which is this portion of the updating with each permit, you
9 are going to say you go into the system and see if you need
10 to change anything?

11 MR. MALONE: Yes, on a pole-by-pole basis. I wish
12 there was a different system available to help everyone
13 with that, but we don't know of that yet.

14 MS. MILTON: And would you do that for all attachments
15 except for the non-paying banner-type attachments?

16 MR. MALONE: Not RCMP either.

17 MS. MILTON: The RCMP?

18 MR. MALONE: Yes. They are tracked separately. They
19 are not tracked in the GIS system.

20 MS. MILTON: So the 167 doesn't include the RCMP time
21 for whatever you do for them?

22 MR. MALONE: Yes, it does not include the RCMP time.

23 MS. MILTON: You said that the hours -- in the
24 response, it says the hours were tracked internally. So
25 can you tell me what's the process that's used to track the
26 hours?

27 MR. MALONE: They have an internal database system for
28 allocation of resources to a CAD technician, and they log

1 their time against any particular activity. Are they
2 updating with respect to poles, are they doing construction
3 proposals for maybe our own internal work, or maintenance
4 programs, or as-builts for our own equipment. So they
5 categorize how they're tracking their time in GIS.

6 MS. MILTON: So the person who is doing the work
7 actually has to every day say how much time went on this;
8 is that --

9 MR. MALONE: Yes.

10 MS. MILTON: Okay. And this is a number for 2013, but
11 would you have numbers for 2010, 2011, 2012 and 2014?
12 Would you have the hours for those other years? And for
13 2015, as well?

14 MR. MALONE: We'll take that as an undertaking.

15 MS. HELT: Undertaking JTC.11 will be to provide the
16 numbers of hours with respect to the response to Carriers
17 12 for the years 2010, 2011, 2012, 2013 and 2014.

18 **UNDERTAKING NO. JTC1.11: (A) TO PROVIDE THE NUMBERS**
19 **OF HOURS WITH RESPECT TO THE RESPONSE TO CARRIERS 12**
20 **FOR THE YEARS 2010, 2011, 2012, 2014, AND 2015 YEAR-**
21 **TO-DATE; (B) TO PROVIDE THE AMOUNT TRACKED FOR ANNUAL**
22 **ROUTINE PERMIT PROCESSING FOR 2011, 2012, 2014, AND**
23 **YEAR-TO-DATE 2015; (C), TO PROVIDE THE NUMBER OF**
24 **PERMITS PROCESSED EACH YEAR FOR 2011 THROUGH TO 2015**
25 **YEAR-TO-DATE**

26 MS. MILTON: I think we have 2013. I misspoke, but we
27 need 2015.

28 MS. HELT: All right, so 2010, 2011, 2012, 2014 and

1 2015.

2 MR. MALONE: You want 2015 year-to-date or forecasted?

3 MS. MILTON: Year-to-date, please.

4 Then finally, the third component is annual routine
5 permit processing, and you provided an amount of 123,906
6 per year. Is that an amount for 2013, that number?

7 MR. MALONE: Yes, it is.

8 MS. MILTON: Could you undertake to provide the
9 amounts for the same years, 2011, 2012, 2014 and 2015 to
10 date?

11 MR. MALONE: Same undertaking, or a different one?

12 MS. HELT: We can include this in JTC.11. Ms. Milton,
13 can you just articulate again the undertaking?

14 MS. MILTON: The undertaking would be to provide the
15 amount tracked for annual routine permit processing for
16 2011, 2012, 2014, and year-to-date 2015.

17 MS. HELT: Thank you.

18 MS. MILTON: You say you've tracked by dedicated
19 internal tracking work order. Would that also track the
20 number of permits that are being processed each year?

21 MR. MALONE: We have a separate database for that.
22 But we do have how many permits we review, approve, that
23 are cancelled or removed.

24 MS. MILTON: Would you be able to provide to us the
25 number of permits that were processed each year for 2011
26 through to 2015 year-to-date?

27 MS. HELT: If so, we can mark that as part (c) to
28 undertaking JTC.11, as these all relate to Carriers

1 interrogatory 12.

2 MS. MILTON: I think, if I understood an earlier
3 response, there are permits for the decorative banners that
4 don't pay rate; do I have that right?

5 MR. MALONE: Yes.

6 MS. MILTON: So they would be included in this cost
7 that's tracked?

8 MR. MALONE: I'll confirm.

9 MS. HELT: So Undertaking JTC12, to confirm whether or
10 not the banners are included in the costs that are tracked.

11 **UNDERTAKING NO. JTC1.12: TO CONFIRM WHETHER OR NOT**
12 **THE BANNERS ARE INCLUDED IN THE COSTS THAT ARE TRACKED**

13 MS. MILTON: Then if I could get you to turn over to
14 page 4 of 5 of this interrogatory response, to response (h)
15 and specifically table 1, which is at the very bottom of
16 that page.

17 And looking at the line for "permits", and you will
18 see that the amount in 2010 was 41,907. Increased quite a
19 lot in 2011 to 71,245, and then increased by, I'll call it
20 a staggering amount in 2012, to 171,254, and I just wonder
21 if you can explain to me what happened between 2010 and
22 2012 to cause that change.

23 MR. MALONE: What happened was with respect to the
24 22/04 annual audits. We were auditing -- the way the ESA
25 audit process works is that you sample 10 percent, both in
26 an office and in the field, for the safety requirements.
27 If they fail, then you take another 10 percent, you re-
28 audit that. So you go back to the attacher, you notify

1 them to do the corrections, and then you sample another 10
2 percent.

3 And through the recent years, what we're seeing is
4 that we're doing field audits where the attachers are
5 having multiple audits completed because of failing the
6 audit requirements in terms of safety, so we're going back,
7 notifying them, re-sampling, going back out in the field.
8 So it's independent of the carrier, so if it's Bell or
9 Rogers, we're back re-sampling and providing the
10 information that they have requirements under their
11 construction verification program to complete, be it record
12 of inspection or significant changes or having hazards left
13 in the field after completion of work.

14 MS. MILTON: Just to confirm that I have that
15 guideline, I understand it correctly, that 10 percent, the
16 requirement is to audit 10 percent of the permits issued in
17 the year, the attachments associated with permits issued in
18 the year? It's --

19 MR. MALONE: Yes.

20 MS. MILTON: Okay. So it's new attachments, it's not
21 the existing base of attachments?

22 MR. MALONE: 22/04 is -- Ontario Regulation 22/04 is
23 based both on a new installation as well as looking at
24 existing installations in terms of safety, so if one of our
25 field auditors were out there and they noted, not
26 specifically looking for it, that they're taking out
27 current permits and reviewing them, if they do notice a
28 deficiency, that they'll report it at that point as well.

1 MS. MILTON: But the 10 percent is applied to the
2 new --

3 MR. MALONE: On new permits.

4 MS. MILTON: Could I get you to turn now to Carriers
5 13. On page 2 of 5 at the bottom you talk about wires
6 down, and then heading over on to page 3 of 5 near the top
7 there is a discussion of trees on wire.

8 When you talk about wires down and reports that you've
9 received, are those reports of wires down only for poles
10 you own, or do you receive reports of wires down on poles
11 owned by a third party that you operate on?

12 MR. MALONE: I would have to take a look at our outage
13 management system to see how it's set up for
14 classification.

15 MS. MILTON: Could you undertake to do both, for the
16 numbers for wires down and for trees on wires to undertake
17 to indicate whether those -- the number of calls you
18 provided relates to Hydro Ottawa-owned poles only or if it
19 also relates to Hydro Ottawa plus third-party-owned poles
20 that you operate on?

21 MS. HELT: That will be Undertaking JTC.13.

22 **UNDERTAKING NO. JTC1.13: FOR THE NUMBERS FOR WIRES**
23 **DOWN AND FOR TREES ON WIRES TO UNDER TO INDICATE**
24 **WHETHER THE NUMBER OF CALLS PROVIDED RELATES TO HYDRO**
25 **OTTAWA-OWNED POLES ONLY OR IF IT ALSO RELATES TO HYDRO**
26 **OTTAWA PLUS THIRD-PARTY-OWNED POLES THAT ARE OPERATED**
27 **ON.**

28 MS. MILTON: Dropping down, the response to part (b)

1 there, pole replacement, and that response in the equations
2 are in the body too right up front, refers to 1,087 roles
3 replaced in 2013.

4 Now, is that 1,087 Hydro Ottawa-owned poles, or does
5 it include third-party-owned poles that you had some
6 involvement in replacing?

7 MR. MALONE: Hydro Ottawa only.

8 MS. MILTON: So those are tracked separately, the
9 Hydro Ottawa only?

10 MR. MALONE: That would be a query on the GIS system,
11 owner equals Hydro Ottawa, installed date.

12 MS. MILTON: And the 74.3 percent, was that also based
13 on a query of the GIS system?

14 MR. MALONE: Yes, it was.

15 MS. MILTON: And so when was that query done?

16 MR. MALONE: The end of 2013. Now, having looked at
17 that number over the last 15 years, it has been in the low
18 70s. It hasn't substantially changed. It's, you know,
19 plus half a percent, minus half a percent.

20 MS. MILTON: And the number of poles that had
21 attachments, so that 74.3 percent in 2013, that would
22 include poles that had Hydro One attachments?

23 MR. MALONE: Yes.

24 MS. MILTON: If we could go now go to page 5 of 5 of
25 this response and the table 1. And I just -- first of all,
26 on the top part of the table, you've got number of poles
27 affected and number of poles used in calculation.

28 And as I understand it, for each year you've taken the

1 number of poles used in calculation and then multiplied by
2 that 74.6 percent to get the number of poles affected,
3 except in 2013 you've got 1,087 both years, but am I right
4 in thinking the 1,087 in 2013 number of poles affected is a
5 typo? Or have I misunderstood how these lines were -- how
6 the numbers were developed?

7 MR. MALONE: I'd have to confirm that.

8 MS. HELT: Do you want that as an undertaking, Ms.
9 Milton?

10 MS. MILTON: I think you can just -- sure. Can you
11 undertake to explain why the number of poles affected is
12 the same as the number of poles used in the calculation in
13 2013?

14 MR. MALONE: Okay. 2013.

15 **UNDERTAKING NO. JTC1.14: TO EXPLAIN WHY THE NUMBER OF**
16 **POLES AFFECTED IS THE SAME AS THE NUMBER OF POLES USED**
17 **IN THE CALCULATION IN 2013**

18 MS. MILTON: And you said a minute ago that you'd sort
19 of confirmed that this 74.3 percent, which is the number
20 that you got when you did a dip on your GIS system at the
21 end of 2013, was relatively constant.

22 Can I get you to provide those numbers for us for 2010
23 through to 2015 year-to-date that the percentage of poles
24 replaced that have attachments on them? Is that...

25 MR. MALONE: Yeah, that would go back to our GIS
26 system, in that we're running current, so at that point,
27 before you -- we did a query in 2006 or 2010, and we're
28 looking at it, and we're saying, okay, we're -- so low to

1 mid-70s, but we -- at this point we wouldn't be able to go
2 back historically to take a look at that.

3 MS. MILTON: Okay. So you can't do it, so how do you
4 -- what's the basis for your statement, then, that the 74-
5 point-whatever-it-is is representative of what you've seen
6 over the last five years?

7 MR. MALONE: Looking at the rate hearing in 2004 on
8 pole attachments, we ran specific calculations against our
9 GIS systems to come up with the numbers, and they were into
10 the low to mid-70s, so at that point I'm assuming that
11 we're not doing major swings over the last ten years from
12 that, that it's relatively constant.

13 MS. MILTON: Sorry, I just missed, when did you do
14 those earlier checks on the GIS system?

15 MR. MALONE: 2004.

16 MS. MILTON: 2004.

17 MR. MALONE: That was in preparation.

18 MS. MILTON: Then when I look at the costs, so the
19 first two lines of the table, field verification and
20 returning crew, your estimate for 2015 is substantially
21 higher than for 2014. And yet your response earlier says
22 that you are using the same labour rate, and I see that the
23 number of poles affected is down.

24 So, can you tell me how you came up with the 2015
25 estimate for the two numbers, the field verification and
26 returning crew?

27 MR. MALONE: I'd have to verify that.

28 MS. MILTON: Would you undertake to verify those

1 numbers and get back to us on how you calculated them?

2 MR. MALONE: Yes.

3 MS. HELT: So undertaking JTC.15 will be to provide
4 information with respect to how the numbers were arrived at
5 with respect to the field verification and returning crew
6 numbers for the years 2014 and 2015.

7 **UNDERTAKING NO. JTC1.15: TO PROVIDE INFORMATION WITH**
8 **RESPECT TO HOW THE NUMBERS WERE ARRIVED AT WITH**
9 **RESPECT TO THE FIELD VERIFICATION AND RETURNING CREW**
10 **NUMBERS FOR THE YEARS 2014 AND 2015**

11 MS. MILTON: Then dropping down to the second-last row
12 of this table, it says "number of poles affected", and I
13 see there that you've got a historical number of poles.

14 I understand that those numbers are intended to be the
15 number poles with attachments, with third party attachments
16 on them; do have I that correct?

17 MR. MALONE: Yes.

18 MS. MILTON: Can you tell me where you got these
19 historical numbers? I understand the 35,633 was for 2013,
20 when you did the dip at the end of that year.

21 But I'm wondering where the other numbers came from.

22 MR. MALONE: As mentioned earlier this morning, we do
23 run a query at year end of major distribution assets --
24 like transformers, circuit kilometres of underground cable,
25 number of poles -- and that would be those year-end values
26 for the poles, multiplied by the 74.3.

27 MS. MILTON: Sorry, we are talking about this second-
28 last row, so why would you be multiplying by the 74.3?

1 MR. MALONE: That would be the number of poles with
2 attachers. If a wire was down and there was no attacher,
3 then the wire is ours.

4 MS. MILTON: So this line, this row is the number of
5 poles with attachers, and you're telling me that once every
6 year you do a run on the number of poles with attachers and
7 you keep those numbers, and that's where those numbers came
8 from? Is that --

9 MR. MALONE: No, those numbers were our total in-
10 service number of poles times 74.3.

11 MS. MILTON: Okay. Now, the pole replacement costs;
12 you are talking about the cost of sending a crew to do
13 field verification and a returning crew to remove the pole.

14 Would those crew costs -- the field verification crew
15 cost and the returning crew costs, would those costs be
16 capitalized by Hydro Ottawa and included as install costs
17 in account 1830?

18 MR. MALONE: No, they would not.

19 MS. MILTON: You don't capitalize your pole
20 installation costs?

21 MR. MALONE: In terms of trouble response --

22 MS. MILTON: I'm not talking about -- that was the
23 bottom of the table, the wires down and the tree on wires,
24 and I understand that's a separate calculation.

25 But right now I'm going back to the replacement cost,
26 and I want to understand. You've told us you send out a
27 crew to field verification, and you send out a crew to
28 remove the pole. And I wanted to understand where those

1 costs are recorded in your accounts.

2 MR. MALONE: That would be 1830.

3 MS. MILTON: All right, thank you. Could I get you
4 now to go Carriers 14? The response starts on page 2 of 3.

5 I just want wanted to ask a clarification on (b) (i).
6 In (b) (i), it's talking about planned replacement at end of
7 asset life, and that's planned replacement of poles. And
8 in brackets it says 60 percent of poles replaced, and I
9 just want to understand.

10 The 60 percent, is that the percentage of total number
11 of poles replaced in a year, is planned replacement? Is
12 that what the 60 percent means?

13 MR. MALONE: Yes.

14 MS. MILTON: You go on in the response to state that
15 although Hydro Ottawa groups poles into neighbourhoods for
16 its pole replacement program, the poles for replacement are
17 normally not immediately adjacent to one another, but are
18 distributed throughout an area.

19 So I was wondering if I could get you to undertake to
20 provide to us, for 2010 to 2015, the number of poles with
21 third party attachers on that were replaced as part of a
22 neighbourhood pole replacement program, so the number of
23 poles that were replaced as part of a neighbourhood program
24 as opposed to poles that were replaced on a one-off basis.

25 Is that something you could provide to us?

26 MR. BENNETT: Just for clarification, the number of
27 poles replaced as part of planned pole replacement; is that
28 what you are asking?

1 MS. MILTON: I think so, because I think when you do a
2 planned pole replacement, it is typically a neighbourhood,
3 correct? Yes.

4 MR. BENNETT: So the number of poles replaced as part
5 of planned pole replacement for the 2011 to 2015? Is that
6 what You --

7 MS. MILTON: And ideally the ones that had third party
8 attachers on them. I don't know if that's possible. If
9 not, just go with the top line number, the number that were
10 replaced as part of a neighbourhood program -- or a planned
11 pole replacement program.

12 MS. HELT: Is that something that Hydro Ottawa can
13 provide? Yes?

14 MR. MALONE: (Witness nods).

15 MS. HELT: That so that will be Undertaking JTC16.

16 **UNDERTAKING NO. JTC1.16: TO PROVIDE THE NUMBER OF**
17 **POLES REPLACED AS PART OF PLANNED POLE REPLACEMENT FOR**
18 **2011 TO 2015**

19 MS. MILTON: Then I wonder if we could go to page 626
20 of the revised application that was filed on June 29, 2015.
21 That page has a table that's called "Balanced productivity
22 metrics."

23 MR. VAN DEUSEN: Which exhibit?

24 MS. MILTON: Well, it was on the website just has the
25 June 29 -- I think it says "application". I don't think
26 it's a -- it's updates, excuse me, yes. Sorry. Page 626.

27 MR. BENNETT: Do you want to wait until it's
28 displayed, or do you want to talk about it now?

1 MS. MILTON: Well, it's a quick question, but it's
2 about the numbers. So I am kind of loathe to -- well, I
3 can pose the question and you can tell me if you want to
4 wait.

5 MS. HELT: I believe he has a hard copy in front of
6 him.

7 MS. MILTON: Oh, you do? Okay. So in the blue part
8 of the table, asset efficiency, in the second row it says
9 "cost per pole replaced", and it is for planned pole
10 replacement. In 2011, there is a number of 15,000 per
11 pole. It is 20,000 per pole in 2012, and 23,000 per pole
12 in 2013. And then for 2014, Q4, we're looking at 32,000
13 per pole.

14 I'm wondering if you can explain to me what's behind
15 the increases that we've seen in the cost per pole
16 replaced.

17 MR. BENNETT: The cost per pole replaced depends
18 dramatically on what pole and where you replace it, so a
19 pole replacement program, for example, in a neighbourhood
20 where there's poles in the grass with a single circuit on
21 it, the cost per pole replacement will be low. Pole
22 replacement in an urban area in the sidewalk or in the
23 concrete with multiple circuits per pole, the cost per pole
24 will be high.

25 So this is just an average of the poles replaced in a
26 given year. We look at each of the categories as part of
27 the process when we're putting together our capital
28 program, when we put together estimates depending on the

1 project as part of that process, and then we compare at the
2 end of it to come up with cost per pole for given
3 installation circumstances and that sort of thing.

4 MS. MILTON: Just two more -- one more quick question
5 on this area. So if you're replacing a pole and it has
6 Hydro One attachments on it, does Hydro One move its
7 attachments or do you move Hydro One's attachments?

8 MR. BENNETT: Hydro One moves their attachments.

9 MS. MILTON: And similarly, if there are street lights
10 on that pole, does the city move the street lights, or do
11 you move the street lights?

12 MR. BENNETT: I'll say the city, but there are
13 occasions where we have moved them for them.

14 MS. MILTON: Okay. If we could just go now to
15 Carriers 16. On page 2 of 2 there is -- and table 1, in
16 particular. So in this table you've provided historical
17 information on the number of wireline attachers, so as
18 we've discussed before, is that because you traditionally
19 do a dip on your GIS system at the end of each year and
20 retain certain information, or did this information come
21 from somewhere else?

22 MR. MALONE: That came from our JDE Enterprise system
23 with our accounts receivable for annual invoicing.

24 MS. MILTON: So the JDE Enterprise system maintains in
25 it the number of wireline attachers in each year?

26 MR. MALONE: For the invoices that were sent out.

27 MS. MILTON: Now, this says the number of wireline
28 attachers, so would that include Hydro One?

1 MR. MALONE: Yes, it would.

2 MS. MILTON: And it includes street lights as wireline
3 attachers?

4 MR. MALONE: Yes.

5 MS. MILTON: And it includes the RCMP?

6 MR. MALONE: Yes.

7 MS. MILTON: So these numbers seem a little bit
8 different from the ones we were talking about in response
9 to 1(c), and so I had thought that was because these were
10 just wireline attachers, and if it does include these other
11 attachers, I guess I'm going to need you to explain why in
12 1(c) we were getting to sort of 12 attachers and now you're
13 telling me seven or eight. So...

14 MR. MALONE: I'll confirm that with our accounts
15 receivable group on that.

16 MS. MILTON: Okay. So --

17 MS. HELT: We'll note that as an undertaking, then.
18 JTC.17 will be to provide an explanation for the
19 differences between the number of wireline attachers as
20 reflected in response to Carriers Interrogatory 1(c), with
21 -- and contrast that to table 1 that was provided in
22 response to Carriers 16.

23 **UNDERTAKING NO. JTC1.17: (A) TO PROVIDE AN**
24 **EXPLANATION FOR THE DIFFERENCES BETWEEN THE NUMBER OF**
25 **WIRELINE ATTACHERS AS REFLECTED IN RESPONSE TO**
26 **CARRIERS INTERROGATORY 1(C) AND CONTRAST THAT TO TABLE**
27 **1 THAT WAS PROVIDED IN RESPONSE TO CARRIERS 16; (B) TO**
28 **PROVIDE A DESCRIPTION OF WHAT'S INCLUDED IN WIRELINE**

1 **ATTACHMENTS IN THE SECOND ROW; (C), TO CONFIRM THE**
2 **DIFFERENCE BETWEEN THE VALUES FOR SPECIFIC CHARGE FOR**
3 **ACCESS TO THE POWER POLES AS REFLECTED IN EXHIBIT C,**
4 **TAB 2, SCHEDULE 2, PAGE 2 OF 3, WITH THE NUMBER IN**
5 **TABLE 1 IN RESPONSE TO CARRIERS 16; (D), TO RECONCILE**
6 **THE NUMBERS IN CARRIERS 4 (A) WITH THOSE NUMBERS THAT**
7 **ARE FOUND IN RESPONSE TO CARRIERS 16 (D)**

8 MS. MILTON: Then in the next row of the table you've
9 given historical information on the number of wireline
10 attachments. Is this information also then from the JDE
11 database?

12 MR. MALONE: Yes, those numbers would be.

13 MS. MILTON: Can you tell me what is included when you
14 say "wireline attachments"? I guess what I'm looking for
15 is, is it all ratepaying attachments, or is it just some
16 subset of ratepaying attachments, or is it all attachments,
17 regardless of whether or not they pay a rate?

18 MR. MALONE: Bring that forward with this undertaking.

19 MS. MILTON: So adding to the previous one, to provide
20 a description of what's included in wireline attachments in
21 the second row.

22 MS. HELT: Then that's the second row of table 1 in
23 response to Carriers 16. So that will all be part of
24 Undertaking JTC.17.

25 MS. MILTON: Could I get you now to go to Exhibit C,
26 tab 2, schedule 2, page 2 of 2. It was updated on June
27 29th, 2015.

28 MR. MALONE: Exhibit C, tab 2, schedule --

1 MS. MILTON: Schedule 2, page 2 of 2 -- or page 2 of
2 3, excuse me. Yeah, I think that's it, 96 of 96.

3 You will see near the middle there's the special
4 charge for access to power poles per pole attachment; do
5 you see that?

6 MR. MALONE: Yes.

7 MS. MILTON: So there are numbers there for 2012 and
8 other years, some actual, some forecast. Those numbers are
9 quite different from the numbers we're seeing in the bottom
10 line of table 1, and I'm wondering if you can tell me what
11 the difference is.

12 MS. COLLIER: We can probably add that to the previous
13 undertaking, but I believe it gets back to your question in
14 terms of the eight versus the 12.

15 MS. MILTON: All right.

16 MS. HELT: Does that need then to be added to the
17 undertaking, or are you satisfied, Ms. Milton?

18 MS. COLLIER: We'll confirm it with the...

19 MS. HELT: All right. So that will be to confirm then
20 the difference between the values for -- was it special
21 access that you referred to?

22 MS. MILTON: Specific charge for access to the power
23 poles.

24 MS. HELT: Specific charge for access to the power
25 poles as reflected in Exhibit C, tab 2, schedule 2, page 2
26 of 3, with the number in table 1 in response to Carriers
27 16.

28 MS. MILTON: Just on this last line of table 1, in the

1 response, those numbers, were they taken from the JDE
2 Enterprise database as well or were they from somewhere
3 else?

4 MS. COLLIER: They would be from JDE.

5 MS. MILTON: So that would reflect invoiced amounts?

6 MS. COLLIER: Yes.

7 MS. MILTON: Does Hydro Ottawa receive revenues when
8 it's requested to do a -- rushed permit reviews?

9 MR. MALONE: We've identified occasions where we would
10 charge directly, that the current pole attachments
11 agreements that we'll review and respond to the permits
12 within 30 days on best effort. Telecoms have come in with
13 lots of permits, wanting to meet whatever timelines they
14 have in short order, so you're now looking at a normal
15 workload of X pole spans a month in terms of permits, and
16 if a carrier comes in and says, Okay, Jeez, I've got a big
17 build out and I want to put 40 kilometres in and I need a
18 response ASAP, we would provide them the option. If you
19 want us to work through the weekend and it's that
20 important, we will do that directly, which is not captured
21 in the permit process in terms of the permit's cost,
22 because it is a charge direct to that carrier. Other than
23 that, we would go through the normal review process.

24 MS. MILTON: Right. I just wanted to know, would the
25 revenues from that kind of activity be included in this
26 revenue number from the JDE Enterprise -- that you've taken
27 from JDE Enterprise, or would that be recorded separately?

28 MR. MALONE: Normally those work orders are set up as

1 a work for others, and it wouldn't be -- would that be
2 considered revenue for wireline?

3 MS. COLLIER: Yes, I would agree with Casey. Those
4 would be charged separately and not included in that line.

5 MS. MILTON: Okay, and the same question for cancelled
6 permit requests; if you charge for those, would they be
7 separate or would they be in this amount?

8 MR. MALONE: We have it in the agreement if that if a
9 carrier has us do all this permit work and then they cancel
10 more than 15 percent of their permits for the year, we have
11 to be able to recover some of our costs that weren't based
12 on the rate, so we could charge direct.

13 To date, we haven't had to do that.

14 MS. MILTON: So you are saying today you've never
15 applied those charges? You have the option, but you
16 haven't?

17 MR. MALONE: Exactly. We just didn't want to do a lot
18 of work for nothing for the Carriers.

19 MS. MILTON: In the note below the table, it talks
20 about 2015 revenues are billed in January based on end of
21 year 2014, plus end of year 2015 true-up.

22 I think you've already answered my question on this
23 earlier, but just to make sure I understand, you bill, as I
24 understand it, January 2015 based on attachments as of end
25 of December 2014. But then, at the end of the year, you
26 would send -- if there's a need for a true-up because there
27 have been more attachments through the year, you would send
28 a separate invoice for that?

1 MR. MALONE: It would go on the delta for that year.

2 MS. MILTON: So I have that process right?

3 MR. MALONE: Yes.

4 MS. MILTON: All right. Just turning now finally to
5 Carriers 17.

6 **QUESTIONS BY MR. HARPER:**

7 MR. HARPER: Could I perhaps do a quick follow up on
8 Carriers 16? I'd hate to go back to table 1 again, but
9 there was one other item there that I was looking for a
10 reconciliation on.

11 That was, if we look at this table, you have the
12 number of wireline attachments for 2013 is 55,182. And if
13 we go back to your response to Carriers 4(a), you have you
14 have the number of wireline attachments there as 56,347.

15 I was wondering if as part of your reconciliations you
16 were doing in JTC17, you could reconcile those numbers two
17 numbers as well.

18 MR. MALONE: What was the second one again?

19 MR. HARPER: The second one -- if you go to your
20 response to Carriers 4, part (a), it has -- this is where
21 you have a numerator and a denominator there.

22 MR. MALONE: Uh-hmm.

23 MR. HARPER: And the numerator happens to be 56,347 as
24 the number of rate attachments -- as the number of
25 attachments in 2013. I was comparing that with the number
26 of attachments you recorded in Carriers 16, and asking for
27 an explanation for the difference again.

28 It sounded like the same sort of reconciliations that

1 you're going to be giving in JTC.17, so I thought if maybe
2 it was possible to include that in there, that would be
3 useful.

4 MS. HELT: So part (d), then, to JTC.17 will be to
5 reconcile the numbers in Carriers 4(a) with those numbers
6 that are found in response to Carriers 16.

7 MR. HARPER: Yes.

8 MR. MALONE: Part (c) of that undertaking.

9 MS. HELT: Part (d), actually. I think part (c) was
10 to provide the --

11 MR. MALONE: Oh, yes.

12 MR. HARPER: My other, final point was fairly clear.
13 You had a conversation just recently on the treatment of
14 revenues that were received from sort of the rush permit
15 processing you were doing.

16 You said that that was being charged -- that was
17 treated as work for others in your account system.

18 Would it also be safe to say that the cost of that
19 would also be posted against similar work for others cost
20 on the side, and captured there in separate accounts?

21 MS. COLLIER: Yes.

22 MR. HARPER: Thank you. That's all.

23 MS. HELT: Thank you, Ms. Milton.

24 **CONTINUED QUESTIONS BY MS. MILTON:**

25 MS. MILTON: So Carriers 17, if we could go there very
26 quickly, I think. The responses to 17(a), (b) and (c), all
27 refer to Hydro's model pole attachment agreement. And in
28 17(h), the Carriers asked for a copy of Hydro Ottawa's

1 template for the pole attachment agreement, and the
2 response was that Hydro Ottawa does not have a current
3 template.

4 I wonder if you could undertake to provide with us a
5 copy of the model agreement that you are referencing in
6 parts (a), (b) and (c)?

7 MS. HELT: Is that something that Hydro Ottawa is
8 prepared to undertake?

9 MR. MALONE: Yes.

10 MS. HELT: So undertaking JTC.18 will be to provide a
11 copy of the model agreement referred to in response to
12 Carrier 17 (a), (b) and (c).

13 **UNDERTAKING NO. JTC1.18: TO PROVIDE A COPY OF THE**
14 **MODEL AGREEMENT REFERRED TO IN RESPONSE TO CARRIER 17**
15 **(A), (B) AND (C)**

16 MS. MILTON: Just one final question. 17(e) asked
17 about the determination of whether or not there is spare
18 capacity on a pole is made solely by Hydro Ottawa.

19 And you cross-referenced an earlier interrogatory,
20 where you described your review process when you get an
21 attachment request. But it wasn't clear to me whether or
22 not Hydro Ottawa confers with any third party regarding
23 whether there is spare capacity.

24 So my follow-up question was: Do you confer with any
25 other third party about whether or not there is spare
26 capacity on a pole for a new attachment, or is that
27 decision made solely by Hydro Ottawa?

28 MR. MALONE: The final decision is made by Hydro

1 Ottawa, but we do confer.

2 MS. MILTON: You do confer? And who would you confer
3 with?

4 MR. MALONE: The main users of that area of the pole.
5 So if it's Hydro One up in the power space, we would have a
6 conversation with them. If there's carriers in that
7 telecom space and it's fully loaded -- and what I mean by
8 fully loaded is that in our pole attachment agreement, we
9 have three parallel strands and a vertical on the same side
10 of the pole.

11 So, if someone's asking for a fourth or a fifth
12 separate strand, or in fact that there is no over-lash
13 capacity. So if there is a carrier with a support strand
14 and maybe only one cable lashed to it, we would refer to
15 that other carrier about this application, and would there
16 be over-lash capability on that.

17 MS. MILTON: So it would be fairly rare --

18 MR. MALONE: Ultimately, at some point the poles are
19 going to get so filled up, you are going to ultimately say
20 you don't have more capacity if you have only so much
21 vertical space on the pole. Then maybe an alternate route
22 might be collected by the carrier putting the attachment
23 through.

24 MS. MILTON: Thank you, those are my questions. At
25 some point, I would like to have an understanding of when
26 the undertakings might be received, because we have a very
27 tight timeline to file evidence.

28 MS. HELT: Yes, thank you. Are there any other

1 questions from any of the other parties with respect to
2 this witness panel?

3 All right then, well I'd like to thank the witness
4 panel very much for their assistance today. Maybe, Mr.
5 Cass, you might be able to give us an indication of when
6 the -- there are eighteen undertakings, some with several
7 parts, that were given with respect to this witness panel.
8 I understand the Carriers, if they are going to file
9 evidence, have to do so by Monday of next week.

10 So can you give an estimate of when you think the
11 undertaking responses might be available?

12 MR. CASS: No, I can't. But we'll consider it over
13 lunch, and see if we can get back to you after lunch.

14 MS. HELT: That's great. Thank you very much.

15 What I propose we do now then is take our lunch break.
16 It is twenty to one, and we will take an hour and come back
17 at twenty to two.

18 We will then start with Mr. Harper asking questions
19 and I believe we're going to start with questions
20 concerning exhibits 3, 7 and 8, but we will just go through
21 it exhibit by exhibit.

22 So that's terrific. Thank you very much, everyone.
23 We'll see you at twenty to two.

24 --- Luncheon recess taken at 12:40 p.m.

25 --- On resuming at 1:43 p.m.

26 MS. HELT: Welcome back, everyone. We are going to
27 resume our technical conference. There is a new witness
28 panel. I see three of the -- I believe three of the same

1 panel members, one new person, and perhaps, Mr. Cass, you
2 can introduce your panel.

3 **HYDRO OTTAWA LIMITED - PANEL 2**

4 **Bill Bennett**

5 **Angela Collier**

6 **Pamela Jones**

7 **Mike Grue**

8 **April Barrie**

9 MR. CASS: I can do that, yes. We actually have five
10 panel members wrapped around the corner, so there are, as
11 you said, three from the previous panel, and two new
12 people. Beside me is Mike Grue, who is the treasurer of
13 Hydro Ottawa Limited, and the other new panellist is April
14 Barrie, who is manager of rates and revenue.

15 MS. HELT: Thank you.

16 MR. CASS: Just on the undertaking responses, the work
17 is underway as we speak on the responses. The aim is to
18 answer them by end of day tomorrow. We're not totally sure
19 yet whether that's achievable, and people are looking at,
20 you know, how many -- or whether all can be answered by end
21 of day tomorrow or if there may be some that cannot, and
22 we'll report back on that as soon as we have some better
23 information, but the aim is to answer them by end of day
24 tomorrow if possible.

25 MS. HELT: Thank you very much, Mr. Cass.

26 Mr. Harper, I believe you're up first with your
27 questions.

28 **QUESTIONS BY MR. HARPER:**

1 MR. HARPER: Yes, and I think we were dealing first
2 with the exhibit dealing with the load forecast operating
3 revenue.

4 So if you could turn to your response to VECC number
5 14.

6 I was just waiting for it to come up on the screen,
7 but if people have got a hard copy I can start now.

8 If we go to page 4 of that response you have two
9 tables, a table 4 and a table 5.

10 MS. BARRIE: Yes.

11 MR. HARPER: On table 4 you show additions to the
12 customer and connection count that were made in translating
13 from the ITRON forecast to Hydro Ottawa's forecast, and
14 there are additions for standby, Sentinel lights, and
15 unmetered load?

16 MS. BARRIE: That's correct.

17 MR. HARPER: And what I was curious about, when I flip
18 down to table 5, which is showing additions to the sales
19 forecast, though I understand perhaps why you mightn't have
20 any additional sales associated with the standby customer
21 class and you do have additional sales added in here for
22 Sentinel lights, but there is no additional kilo --
23 megawatt-hours shown for the added unmetered load
24 customers, and I was wondering why that was the case.

25 MS. BARRIE: That would -- because the ITRON forecasts
26 only dealt with kilowatt-hours, and they just assumed as a
27 result the unmetered load stayed the same. So unmetered
28 load generally has the same kilowatt hours throughout, so

1 we said there should be some kind of incremental in the
2 actual count. For them that was immaterial, so we adjusted
3 the count for that.

4 MR. HARPER: Wouldn't you, when you were adjusting the
5 count for unmetered load, also have to adjust the -- if the
6 count goes up, wouldn't the associated megawatt-hours go up
7 as well?

8 MS. BARRIE: No, because they only upped the kilowatt-
9 hours and left count stable throughout the period, so it
10 wouldn't make sense to raise kilowatt-hours without raising
11 the count.

12 MR. HARPER: But in your forecast here you have raised
13 the count.

14 MS. BARRIE: Right, butut they did not, but they did
15 increase the kilowatt-hours.

16 MR. HARPER: Right. What I'm asking is for is why you
17 didn't, in your adjustments, increase the kilowatt-hours
18 correspondingly when you increased the count.

19 MS. BARRIE: Because I'm adjusting the counts to
20 correspond to the adjustment in the kilowatt-hours, so I
21 would expect if customer numbers stayed the same, kilowatt-
22 hour numbers would stay the same. They increase kilowatt-
23 hours without increasing customer -- or counts.

24 MR. HARPER: I see. So they had increasing forecast
25 and unmetered load, megawatt-hours, built into their
26 forecast, but no corresponding increase in the customer
27 count built into their forecast.

28 MS. BARRIE: Correct.

1 MR. HARPER: Okay. Fine. So thank you. Okay. Now I
2 understand, thank you very much.

3 If we could turn next to VECC 15, which is the next
4 question here.

5 MS. BARRIE: Okay.

6 MR. HARPER: In the question here we had asked you to
7 provide annual customer and connection counts starting in
8 2005 and going through to 2012. And in the response you
9 provided some historical information that started only at
10 2012, and I was wondering, you do have customer counts
11 going back to 2005, do you not?

12 MS. BARRIE: We do.

13 MR. HARPER: Is there any reason why you could not
14 provide those in -- as requested in the original
15 interrogatory?

16 MS. BARRIE: We were trying to stay consistent with
17 what was being requested through Board schedules and
18 keeping to going back as far as 2012.

19 MR. HARPER: I guess maybe that comes -- leads to the
20 second part of it. The reason we've asked for the filing
21 of the historical data was to sort of calculate a
22 historical growth rate which we've referred to in the
23 response as a geo mean or a geometric historical average,
24 and you comment on the fact you really didn't know what
25 that was. And I'm kind of surprised, because basically
26 outside of two or three utilities in the province virtually
27 every other utility forecasts their customer count by
28 calculating -- taking the average geo mean for their --

1 each customer class, applying that as a forecast.

2 And so I was interested. The purpose of the
3 interrogatory was to see, okay, if you had done an approach
4 similar to what 90 percent of the utilities in the province
5 had done, what sort of result would you get, and therefore
6 I was looking for a longer historical period.

7 On that basis I was wondering if you would undertake
8 to give me, one, the historical data back to 2005 for each
9 customer class, and perhaps give -- you can either give
10 that to me in Excel form, because there is a function there
11 that does this calculation, or you can do the calculation
12 yourself, one --

13 MS. BARRIE: The issue is with the negative numbers,
14 so a geo mean doesn't work with negative numbers, and as a
15 result we have negative numbers through our customer
16 counts, so a geo mean cannot be calculated.

17 MR. HARPER: You've got years with --

18 MS. BARRIE: So --

19 MR. HARPER: -- you've got years the customer counts
20 are going down, I assume?

21 MS. BARRIE: In some classes, yes. So that was the
22 issue with creating a geo mean.

23 MR. HARPER: I guess one can argue as to whether or
24 not there is an issue or not and one can come to that later
25 on -- point in time, I guess. What I was interested in
26 doing is seeing whether I can do a calculation, looking at
27 -- other utilities have passed through the same issue of
28 having negatives and positives and gone through a

1 calculation similarly to come up with a historical average
2 geo mean growth rate, and I was interested in doing the
3 same for yourself.

4 MS. BARRIE: So I could do that by adjusting numbers
5 by adding, like, .01 or minusing .01, but it does affect
6 the calculation slightly.

7 MR. HARPER: Well, actually, if you want to give -- if
8 you could file an Excel spreadsheet with the data, do the
9 calculation however you want, and then if I don't agree
10 with the way the process is done, other people can do the
11 calculations other ways, because they will have the data in
12 a manageable form.

13 Is that acceptable for you?

14 MS. BARRIE: Our approach had been to stick with going
15 only back as far as 2012, so I can provide the Excel
16 spreadsheet with the current data that's provided.

17 MR. HARPER: Did you say current data? That would be
18 from 2012?

19 MS. BARRIE: We could go back to 2011 backwards; is
20 that sufficient?

21 MR. HARPER: Yes.

22 MS. BARRIE: Or, sorry, '11 forward, I should have
23 said.

24 MR. HARPER: That would be sufficient, because your
25 2000 -- your original -- the last cost-of-service filing
26 provided actuals up to 2010, and I can fill in the balance
27 myself then, so that would be fine.

28 MS. BARRIE: Okay.

1 MS. HELT: So then the Undertaking JTC19 will be to
2 provide the historical data back to 2011 for each of the
3 customer classes and to do so in the form of an Excel
4 spreadsheet, and I also believe part of the undertaking was
5 that you were going to provide your geo mean calculations
6 on that spreadsheet as well. Was that part of it, Mr.
7 Harper?

8 MR. HARPER: If they wanted to do that they can, or --
9 because if I have it in a manipulatable form I can do a
10 calculation myself.

11 MS. HELT: All right, then. So the actual
12 undertaking, then, will just be to provide the historical
13 data back to 2011 for each customer class and to do so in
14 an Excel spreadsheet.

15 MR. HARPER: Yes, thank you.

16 **UNDERTAKING NO. JTC1.19: TO PROVIDE THE HISTORICAL**
17 **DATA BACK TO 2011 FOR EACH CUSTOMER CLASS, AND TO DO**
18 **SO IN AN EXCEL SPREADSHEET.**

19 MR. HARPER: If we can now turn to your response to
20 VECC No. 21. And here we were asking about more recent
21 forecasts from the Conference Board of Canada with respect
22 to the various economic parameters you were using, and you
23 note in part (a) that in the updated forecast you just got
24 from the Conference Board of Canada the forecast only went
25 forward to 2019 and you had to extrapolate the value for
26 2020; you say that's correct?

27 MS. BARRIE: Yes.

28 MR. HARPER: If I look, then, back at your current

1 application, where you must have used a an earlier forecast
2 from the Conference Board of Canada, would I be fair --
3 when did that Conference Board of Canada forecast end? Did
4 it end in 2019, or perhaps 2018? And how many years of
5 extrapolation did you have do in the material that is
6 currently filed?

7 MS. BARRIE: I'd have to double-check that.

8 MR. HARPER: If you could? I would like to know what
9 years we have sort of a forecast for, as opposed to an
10 extrapolation.

11 MS. HELT: That will be Undertaking JTC20.

12 **UNDERTAKING NO. JTC1.20: TO ADVISE THE END DATE OF**
13 **THE FORECAST FIGURE FROM THE CONFERENCE BOARD OF**
14 **CANADA, AND HOW MANY YEARS OF EXTRAPOLATION HOL DID IN**
15 **THE MATERIAL CURRENTLY FILED**

16 MR. HARPER: Could we turn to VECC-25, please? Here
17 we ask asked if Hydro Ottawa purchases the power from
18 generators in its service area, or if other local
19 distributors, such as Hydro One, were included in the
20 purchase power that you used in your forecast equation.

21 You gave us a table here, table 1 on page 2 of the
22 response, that shows that yes you do have purchases from
23 Hydro One and purchases from other generators. But I never
24 got an explicit indication in the response as to whether or
25 not the purchase values you used in the regression analysis
26 were just the purchases from the ISO, or were they
27 increased in each of the years to include purchases from
28 Hydro One and generators as well.

1 MS. BARRIE: For the forecast total purchases used?

2 All three.

3 MR. HARPER: So all three. Because I'm looking at the
4 underlying spreadsheets, and I only saw one number and I
5 never saw the other two added in. But they were added into
6 the numbers that you actually put in the spreadsheets,
7 then?

8 MS. BARRIE: Which proceeds spreadsheets are you
9 referring to?

10 MR. HARPER: The load forecast.

11 MS. BARRIE: Yes, that includes all three.

12 MR. HARPER: Thank you very much. I just wanted to
13 confirm that.

14 Could we go to VECC No. 30, please, then? Actually,
15 it's sort of a double response. Here we had asked you from
16 year-to-date other revenues for 2015, and you referred us
17 to Energy Probe 13(c) and (d), which basically asked
18 somewhat of a similar question.

19 I think you indicated in that response that --

20 MS. BARRIE: Sorry, just a second, I'm trying to find
21 that. Which exhibit is that relating to?

22 MR. HARPER: The other revenues, which is part -- like
23 -- Exhibit C has a section on load forecast. It also has a
24 section on other revenues.

25 MS. BARRIE: Right, but --

26 MR. HARPER: This is part of Exhibit C dealing with
27 other revenues.

28 MS. BARRIE: Okay, I just have my interrogatories by

1 Exhibit, so --

2 MR. HARPER: So this is Exhibit C. The original
3 interrogatory was Exhibit C, tab 2, schedule 1.

4 MS. BARRIE: Right.

5 MR. HARPER: As I said, it was asking about the year-
6 to-date other revenues for 2015, and you referred me to an
7 Energy Probe response.

8 And the Energy Probe question had asked for year-to-
9 date, but then also asked for a forecast for the balance of
10 the year. And in the response to the Energy Probe
11 interrogatory, you made a comment that you couldn't provide
12 their answer, because it had to go through some internal
13 review processes in terms of your internal audit committee
14 and some other things.

15 I was wondering whether that response applied strictly
16 to the fact -- that response was applicable also to your
17 ability to provide just the year-to-date actuals as of,
18 say, as of end of June 2015, or the response, having to go
19 through the internal process, was focused on the fact that
20 you were also doing forecast?

21 MS. COLLIER: Yes. So the response applies to both,
22 year-to-date June actuals, which haven't gone through our
23 executive or audit committee and board yet, as well as the
24 Q2 forecast for the remainder of the year.

25 MR. HARPER: And in your view, they have to go through
26 that process before you can actually --

27 MS. COLLIER: That's the process we follow before we
28 release the information publicly.

1 MR. HARPER: Okay, fine. Thank you very much. Those
2 are all my questions on this section.

3 MS. HELT: Are there other parties who have questions
4 with respect to Exhibit 3? Mr. Aiken, I see that you --

5 **QUESTIONS BY MR. AIKEN:**

6 MR. AIKEN: Yes, I have one question with multiple
7 parts, and they probably will all be part of an
8 undertaking, and it's in reference to 3-VECC-21.

9 So my first request is to have Ottawa provide versions
10 of table 1, table 2, table 3, and table 4 in Exhibit C, tab
11 1, schedule 1, that reflect the updated forecast from the
12 Conference Board of Canada as shown on table 4 to the
13 interrogatory response, with no other changes from the
14 methodology used for the forecast.

15 The second part of the question is to please provide a
16 table that shows, for each of 2016 through 2020, the change
17 in the kilowatt-hours, kilowatts and customer forecast for
18 each rate class based on the response to my first question,
19 the difference between that and at original forecast.

20 The third part is to identify the impact on the
21 revenue deficiency in each of the years, based on the
22 updated forecast shown in the response to 3-VECC-21.

23 MS. HELT: Is that something Hydro Ottawa is able to
24 provide?

25 MS. BARRIE: I'm going to have to see how long that
26 would take, and if we can provide that in a reasonable
27 timeframe.

28 MS. HELT: All right, then, we will mark that as

1 Exhibit JTC.21, and the three parts to the undertaking will
2 be (a), (b) and (c) respectively.

3 **UNDERTAKING NO. JTC1.21: TO PROVIDE VERSIONS OF TABLE**
4 **1, TABLE 2, TABLE 3, AND TABLE 4 IN EXHIBIT C, TAB 1,**
5 **SCHEDULE 1, THAT REFLECT THE UPDATED FORECAST FROM THE**
6 **CONFERENCE BOARD OF CANADA AS SHOWN ON TABLE 4 TO THE**
7 **INTERROGATORY RESPONSE, WITH NO OTHER CHANGES FROM THE**
8 **METHODOLOGY USED FOR THE FORECAST; (B), TO PROVIDE A**
9 **TABLE THAT SHOWS, FOR EACH OF 2016 THROUGH 2020, THE**
10 **CHANGE IN THE KILOWATT-HOURS, KILOWATTS AND CUSTOMER**
11 **FORECAST FOR EACH RATE CLASS BASED ON THE RESPONSE TO**
12 **MY FIRST QUESTION, THE DIFFERENCE BETWEEN THAT AND AT**
13 **ORIGINAL FORECAST; (C), TO IDENTIFY THE IMPACT ON THE**
14 **REVENUE DEFICIENCY IN EACH OF THE YEARS, BASED ON THE**
15 **UPDATED FORECAST SHOWN IN THE RESPONSE TO 3-VECC-21.**

16 MR. AIKEN: That's my only question.

17 MS. HELT: Thank you, Mr. Aiken.

18 Mr. Garner, any questions with respect to this
19 exhibit? I take it not?

20 MR. GARNER: No.

21 MS. HELT: Mr. Clark, I believe you said you had one
22 question of clarification.

23 **QUESTIONS BY MR. CLARK:**

24 MR. CLARK: Yes, if I can find it here -- one second.
25 Yes.

26 I don't have this -- it may be kind of a simple
27 question, but the question was: In order to help
28 understand the calculation of the CDM adjustments -- and

1 this is VECC-27 --

2 MS. BARRIE: Which exhibit, sorry?

3 MR. CLARK: The VECC interrogatory responses and it
4 refers to CDM adjustments, specifically the 2014 CDM
5 targets in VECC-27.

6 MS. BARRIE: Yes, I'm just...

7 MR. CLARK: Part (b), sub parts (i) and (ii).

8 MS. BARRIE: Found it.

9 MR. CLARK: Now in the explanation here, you are
10 explaining how you made the adjustments for -- how you
11 included actual CDM savings for the first eight months and
12 then you estimated, using a 50 percent rule, the remaining
13 months.

14 But then you go on to say that carries forward in the
15 future years. But you're not carrying forward the
16 50 percent on the remaining four months. You're carrying
17 forward the full savings?

18 MS. BARRIE: No, the full savings, the savings prior
19 to the four months would already be in the trend of the
20 load forecast, right, so we are only including 50 percent
21 of the savings of the four months.

22 MR. CLARK: Right, so now that's 2014.

23 MS. BARRIE: Right.

24 MR. CLARK: Maybe I'm misinterpreting the answer.
25 When you went to 2015, you've included all the savings, not
26 just 50 percent?

27 MS. BARRIE: No, 50 percent of the four months,
28 because the rest would already be included in the load

1 forecast naturally, right?

2 MR. CLARK: That's right, for year 2014.

3 MS. BARRIE: And 2015.

4 MR. CLARK: And 2015.

5 MS. BARRIE: So 2015 would be built off the same data
6 as eight worth of actuals and four months' worth of
7 forecast. So the four months that's not already in the
8 actuals would have to be extended into the '15.

9 MR. CLARK: Okay, thank you.

10 MS. HELT: Are there any other questions with respect
11 to Exhibit 3? No?

12 All right then. We will move on to Exhibit 7. Mr.
13 Harper?

14 **QUESTIONS BY MR. HARPER:**

15 MR. HARPER: Yes, and actually the first question I
16 have arose out of the response you recently filed to OEB
17 Staff question number 1. So it would be under the
18 administration of it, but it does deal specifically with
19 cost allocation.

20 So if you could maybe turn up your revised response, I
21 guess it's the one updated August 12th to OEB Staff number
22 1? The very bottom of the first page is where my question
23 arises.

24 If you are there, on lines 30 and 31 of the updated
25 response to OEB number 1, there is a statement -- and
26 you're talking here about the cost allocation models that
27 you filed in conjunction with this response. It says:

28 "The models have been updated to reflect a

1 formula error with the allocation in
2 miscellaneous revenues."

3 MS. BARRIE: Yes.

4 MR. HARPER: And I was wondering -- maybe let's just
5 take this in parts. Does that mean that you've altered one
6 of the formulas that was in the model as filed on the
7 Board's website?

8 MS. BARRIE: Elenchus did, yes.

9 MR. HARPER: Elenchus did. Okay. And can you tell
10 us, or can you get Elenchus to provide an explanation as to
11 precisely what was the change that you made in that
12 formula, and there are multiple items under miscellaneous
13 revenues, like, there are three or four different accounts,
14 what exactly they -- what exactly the accounts were
15 impacted and why the change was made?

16 MS. BARRIE: The SSS charge, I know, was the one that
17 was changed.

18 MR. HARPER: And what was the change?

19 MS. BARRIE: I know it was related to the allocation
20 of it, and I'll have to exactly see what the formula change
21 was.

22 MR. HARPER: Because I guess my, you know -- I guess
23 just between us, a number of people, you know, a number of
24 people can -- a formula error in one person's mind may be a
25 policy change in somebody else's mind, I guess, depending
26 upon -- and so I just wanted to be explicit to understand
27 where the change was. And would it be possible for you to
28 -- or you, I guess, working with Elenchus to advise us what

1 the impact of making that change was on -- it's probably
2 fairly small, but I just want to know what the materiality
3 of the impact of that change was on the calculations done
4 in the cost allocation model.

5 MS. BARRIE: Yes, I did speak with the OEB regarding
6 it, but unfortunately the person was not able to contact me
7 back regarding the model.

8 MR. HARPER: Because if this is a generic problem, it
9 probably should be changed for more than just your
10 application is the other part, is what I was concerned
11 about.

12 MS. HELT: Okay. So that will be Undertaking JTC22,
13 and it relates to the response to OEB 1. The undertaking
14 is to provide an explanation to the change in the formula
15 and the impact of the change on the calculations done on
16 the cost allocation model.

17 MR. HARPER: Right.

18 **UNDERTAKING NO. JTC1.22: WITH REFERENCE TO OEB NO. 1,**
19 **TO PROVIDE AN EXPLANATION TO THE CHANGE TO THE FORMULA**
20 **AND THE IMPACT OF THE CHANGE ON THE CALCULATIONS DONE**
21 **ON THE COST ALLOCATION MODEL.**

22 MR. HARPER: Right. And actually, the only other
23 question I had in this area deals with your response to
24 VECC number 47. And here we asked you to describe -- here
25 you're describing how the weightings were developed for
26 billing and collecting within the cost allocation model.
27 In the response you indicated there were 22 expense-related
28 items that were identified and each was allocated on the

1 basis of customer count.

2 MS. BARRIE: Correct.

3 MR. HARPER: And I guess one -- I guess -- and I guess
4 if one -- can you provide us with a listing of what those
5 22 expense items were and the customer classes that are
6 deemed to be associated with each?

7 MS. BARRIE: So you are just wanting to know the type
8 of expense?

9 MR. HARPER: Well, you said there were 22 expense-
10 related items and each were analyzed separately, so I was
11 just wanting for a listing of what were those 22 expense
12 items, and since in each case you say they were allocated
13 on the basis of customer count, what were the class --
14 customer classes that were deemed to be associated with
15 each of those 22 items.

16 MS. BARRIE: Right. My concern is it has vendor-level
17 detailed information. That's how we did it, by vendor. So
18 I'll undertake to see what I can provide to making sure...

19 MR. HARPER: Well, I guess --

20 MS. BARRIE: Yeah.

21 MR. HARPER: -- I guess if it's a matter of trying to
22 -- if there are a number of different types of expenses
23 that are all assigned to just the same customer classes and
24 grouping them gets you around this vendor issue, I'm
25 perfectly willing to take it that way if that helps, if
26 that --

27 MS. BARRIE: Okay. That would help. Then I'd be able
28 to --

1 MR. HARPER: That helps. The second thing that
2 concerned me about this is that in each case you say the
3 costs were allocated on the basis of customer count, but
4 one of the whole purposes of this issue is -- of this
5 allocation is to try and recognize the fact that -- and the
6 fact we're -- the reason we are developing weightings is to
7 identify the fact that different customer classes may
8 impose a different cost for actually doing the same type of
9 activity, meter reading being an example otherwise, and so
10 I guess I'm just wondering whether -- I guess whether
11 Elenchus must have made an assessment in each case that on
12 a per-customer basis was an appropriate way to do this, as
13 opposed to a weighted customer basis, and whether or not
14 you can -- whether or not they can confirm that such an
15 assessment was -- was made.

16 MS. BARRIE: Well, I actually performed the work, but
17 the assessment -- because it was done more on a vendor-
18 level basis similar customers generally would use the same
19 vendors, therefore it was a lot easier to be able to
20 establish which customers and that a general number of
21 customers was appropriate.

22 MR. HARPER: So if I get the first material that's
23 probably going to satisfy my second question as well, then.

24 MS. BARRIE: Probably, yes.

25 MR. HARPER: Okay. Fine.

26 MS. HELT: All right. Mr. Harper then, that would be
27 Undertaking JTC.23, and it is with respect to VECC 47, and
28 it is to provide a listing of the 22 expense-related items

1 that are referred to in that undertaking response and the
2 customer classes associated with each of those items, and
3 the answer will be given with respect to getting around the
4 issue concerning the vendor-related matter.

5 **UNDERTAKING NO. JTC1.23: WITH RESPECT TO VECC 47, TO**
6 **PROVIDE A LISTING OF THE 22 EXPENSE-RELATED ITEMS THAT**
7 **ARE REFERRED TO IN THAT UNDERTAKING RESPONSE AND THE**
8 **CUSTOMER CLASSES ASSOCIATED WITH EACH OF THOSE ITEMS;**
9 **THE ANSWER WILL BE GIVEN WITH RESPECT TO GETTING**
10 **AROUND THE ISSUE CONCERNING THE VENDOR-RELATED MATTER.**

11 MR. HARPER: Those are all the questions that I have
12 on Exhibit -- on this...

13 MS. HELT: Exhibit 7?

14 MR. HARPER: Yes. Thank you.

15 MS. HELT: Thank you, Mr. Harper. Mr. Aiken, do you
16 have any questions?

17 **QUESTIONS BY MR. AIKEN:**

18 MR. AIKEN: Yeah, just a couple. The first one is on
19 response to 7-Energy Probe-45. I don't know if -- I don't
20 think we need to pull it up. Right at the bottom of that
21 response it says:

22 "Please see response to OEB Staff interrogatory
23 question number 1 for the revised rates."

24 And I see in what you filed yesterday we do have the
25 revised rates. My question is: Do we have the updated
26 revenue reconciliation table?

27 MS. BARRIE: Of Appendix 2-P? No, I don't believe you
28 do.

1 MR. AIKEN: Could you provide that?

2 MS. BARRIE: Yes.

3 MR. AIKEN: With these revised rates?

4 MS. HELT: Okay. JTC24 will be to provide an updated
5 revenue reconciliation table.

6 **UNDERTAKING NO. JTC1.24: TO PROVIDE AN UPDATED**
7 **REVENUE RECONCILIATION TABLE.**

8 MR. AIKEN: Then my next question is on 7-Energy
9 Probe-46, and in here I had asked for the -- in part (b)
10 I'd asked for the revised Appendix 2-P that shows the
11 revenue-to-cost ratios that result from the changes along
12 with the proposed ratios.

13 And while you've filed the cost allocation models that
14 have been revised, I don't think you've filed an updated
15 Appendix 2-P. So could you -- would you undertake to
16 provide that based on the revised models?

17 MS. BARRIE: 2-P again?

18 MR. AIKEN: No, the first one is a revenue
19 reconciliation.

20 MS. BARRIE: Okay, sorry.

21 MR. AIKEN: 2-P is the status quo revenue-to-cost
22 ratios and the proposed revenue-to-cost ratios for the five
23 years that we don't have, based on the revised cost
24 allocation.

25 MS. BARRIE: Yes, I can do that.

26 MS. HELT: So JTC.25, to provide an updated Appendix
27 2-P.

28 **UNDERTAKING NO. JTC1.25: WITH REFERENCE TO IR 7-**

1 **ENERGY PROBE-45, TO PROVIDE AN UPDATED APPENDIX 2-P.**

2 MR. AIKEN: Those are my questions.

3 MS. HELT: Thank you, Mr. Aiken.

4 Mr. Shepherd, no? Mr. Clark?

5 MR. CLARK: No.

6 MS. HELT: All right then. We will then -- oh, Ms.
7 Greey? I'm sorry. We will then move to Exhibit 8. Mr.
8 Harper.

9 **QUESTIONS BY MR. HARPER:**

10 MR. HARPER: Could we turn to Staff 21, please? This
11 has to do with the calculation of the very specific charges
12 and the labour rate that's used in it. And on page 7 you
13 talk about the fact that you used \$95 as the hourly rate
14 for both inside and outside staff. On page 6 at Table 2
15 you show the labour rate calculation which has \$72 as the
16 direct labour rate?

17 MS. BARRIE: Yes.

18 MR. HARPER: Then if I go back to page 2, you show
19 direct labour rates for inside staff of \$23 for field
20 staff, of \$27, and make reference to a payroll burden rate
21 of 30 percent.

22 And I was trying to -- I couldn't take the 23 and 27
23 and even adding the 30 percent payroll burden rate get to
24 \$72, and I was wondering if you could reconcile the
25 differences and explain to me the basis for the \$72 and how
26 it relates to the rates shown on page 2?

27 MS. BARRIE: So on page 2, that's actually the OEB
28 rates, the 23 and the 27. If you move to page 5, you will

1 see both the OEB and Hydro Ottawa's rates.

2 MR. HARPER: Okay. And I'm sorry, okay. So that --
3 and that's where then you get 20 percent -- okay, 72.
4 Fine. Thank you very much.

5 MS. BARRIE: You're welcome.

6 MR. HARPER: I just didn't read the right spot. Thank
7 you again.

8 Could you turn to -- I guess it's SIA 31. Here you
9 note that Hydro Ottawa proposes to install some -- install
10 remote disconnect meters on approximately 36,000 customers.

11 I just want to confirm: What was the timeframe for
12 the installation of the 36,000? Is that over the next one
13 year, two years, five years?

14 MS. BARRIE: I'd have to undertake to find that out.

15 MR. HARPER: I was just curious, and maybe before we -
16 - because I had a couple of follow-ups, whether there is
17 incremental capital spending associated with these meters
18 as opposed to putting a normal meter on a customer's house.
19 Or are they roughly the same cost?

20 MR. BENNETT: The cost of the meters is roughly the
21 same.

22 MR. HARPER: Well, then, I'm not too sure if the cost
23 of meters is roughly the same, then it is -- from a
24 materiality perspective, I don't think I need answers to
25 any of the questions I have here.

26 MS. HELT: Thank you.

27 MR. HARPER: If we turn to VECC-48, here in part (d)
28 we'd asked you for a breakdown of the residential

1 customers, in terms of how many fell into different usage
2 categories.

3 And you referred us to Energy Probe 48(b), which, I
4 think, in turn referred us to your response to OEB Staff 1.
5 And I recognize that in that response you provided us, what
6 the -- sort of what the consumption level is for the tenth
7 percentile customer as per the sort of new rate design
8 policy.

9 But in doing that, I'm wondering if it is possible for
10 to you provide the response to this question as well, which
11 I did not see in the overall package we got today?

12 MS. BARRIE: I was just able to get the data recently,
13 so I will be able to provide that.

14 MS. HELT: So undertaking JTC.26 will be to provide a
15 response to VECC-48, part (d) which deals with the
16 breakdown of residential customers and usage categories.

17 **UNDERTAKING NO. JTC1.26: TO PROVIDE A RESPONSE TO**
18 **VECC-48, PART (D) WHICH DEALS WITH THE BREAKDOWN OF**
19 **RESIDENTIAL CUSTOMERS AND USAGE CATEGORIES**

20 MR. HARPER: Can we go to VECC-50? Here we were
21 asking about the basis for the escalation factor that would
22 be used to determine specific charges for the years 2017
23 through 2020.

24 However, in your response to part (b), you addressed
25 really the inflation factor that was used to determine the
26 2016 rates, but not what would be used to determine the
27 2017 to 2020 rates.

28 Based on your response to part (a), am I why correct

1 that with the exception of the disconnect, reconnect and
2 the service call charges, the other specific rates are
3 going to be escalated at 2.1 percent per year each year
4 after 2016?

5 MS. BARRIE: Sorry, could you say that again?

6 MR. HARPER: We had asked you in the question about
7 what were the escalation rates being applied to the other
8 specific charges, I think besides disconnect and reconnect
9 and service calls, and I didn't see a specific answer to
10 that.

11 But in reading through, since OM&A was forecast for up
12 to 2.1 percent, I got the implied assumption that that
13 meant you were going to be escalating these other -- all
14 these specific charges at that same rate, the 2.1 per5cent
15 a year for each year after 2016, that that was your
16 proposal.

17 MS. BARRIE: Yes, it was increased from 2.1 from 2017
18 to 2020.

19 MR. HARPER: Okay, fine. Thank you. That's -- I
20 think that's all my questions on this specific Exhibit 2.
21 Thank you.

22 MS. HELT: Thank you, Mr. Harper. Mr. Aiken?

23 MR. HARPER: Oh, there was one question that was
24 punted to you from the panel this morning.

25 MS. BARRIE: That is actually punted to Mike.

26 MR. HARPER: Punted to you as a panel. I'm sorry, and
27 if you were listening you can probably get to it quicker
28 than did, but it had to do with your response to one of the

1 Carriers' questions.

2 MS. COLLIER: Carriers 10.

3 MR. HARPER: That's right. And Carriers No. 10, I was
4 just looking at the 6.7 percent average weighted cost of
5 capital that was used in the determination of the costs for
6 the pole attachment rate, and I was just asking to clarify
7 that the 6.7 percent did not include any provision for
8 income tax; is that correct?

9 MR. GRUE: So that 6.7 percent was taken from the
10 approved 2012 cost of capital, schedule E(ii), page 1,
11 which was the weighted cost of capital of 6.7 percent. It
12 does not have tax attached to the approved rate of ROE of
13 9.42 percent.

14 MR. HARPER: Would you be able to tell us what the
15 6.7 percent changed to if you were to gross-up the ROE to
16 include a provision for income tax?

17 MR. GRUE: I did that calculation on the break, and it
18 would be 8.04.

19 MR. HARPER: 8.04 percent. Thank you very much.

20 MR. GRUE: Based on -- just to qualify that, based on
21 the tax rate that was in effect in 2012, when that rate was
22 used.

23 MR. HARPER: It was 2012 that underpinned the
24 calculation of all this carrying cost.

25 MR. GRUE: That's correct.

26 MR. HARPER: And thank you very much -- and thank you
27 for reminding me, Mr. Aiken.

28 MS. HELT: Mr. Aiken?

1 MR. AIKEN: I don't have any questions. Bill covered
2 them all.

3 MS. HELT: No questions; all right. Ms. Greey? Any
4 questions? No? Mr. Shepherd? No? Mr. Clark?

5 MR. CLARK: No.

6 MS. HELT: All right, then we will move to, I believe
7 Ms. Greey wanted to go next with her questions. Are your
8 questions with respect to Exhibit 2 or otherwise, Ms.
9 Greey?

10 MS. GREEY: Questions for Exhibits 1, 2, and 4.

11 MS. HELT: All right. Let's start with Exhibit 1,
12 then.

13 MS. GREEY: So were you going to do it by each
14 exhibit?

15 MS. HELT: Yes, I think that's easiest.

16 **QUESTIONS BY MS. GREEY:**

17 MS. GREEY: The first one is going to the Council's
18 question number 4. I can't quite see, so if you can let me
19 know when you're ready -- if you can let me know when
20 you're ready for the question? Ready? Okay.

21 So it was talking about how you took rate impacts into
22 consideration when developing the final forecast for your
23 capital program, and Energy Probe question 1 that was
24 answered.

25 They were also asked the question about how does Hydro
26 Ottawa determine what level of rate increase might be
27 acceptable or not acceptable to customers.

28 I was wondering if you could answer that.

1 MS. JONES: Sorry, could you repeat the question?

2 MS. GREEY: The second part of question 4. The last
3 sentence of the question was:

4 "How does Hydro Ottawa determine what level of
5 rate increase might be acceptable to its
6 customers?"

7 MS. BARRIE: Sorry, which IR number?

8 MS. GREEY: IR CCC, question number 4. All my
9 questions are related to the Consumers' Council question
10 and IRs.

11 MS. JONES: Just to be clear, this was referring to
12 capital forecasts?

13 MS. GREEY: Yes. There is also a general question:
14 How did you determine -- how do you look at what rate
15 increase might be acceptable to its customers.

16 So you look at -- you actually have less capital
17 programs because you've considered the capital, but also
18 what -- so you took the rate impacts into consideration
19 when developing the final forecast, but what level of
20 rates?

21 MS. JONES: So it refers to --

22 MS. GREEY: You look at what percentage decrease or
23 whatever? How do you determine what decrease you're
24 looking for?

25 MS. JONES: So I'll just start off -- this speaks to
26 some of the top level guidance, if you will, that we
27 provided in the developing of the budgets for both -- for
28 capital.

1 And you will see in the materials that we filed,
2 including in the executive summary, that bill impacts was
3 in fact one of the first primary considerations given.

4 So, in putting the capital budget together in
5 particular, there was a bottom-up budgeting process that
6 was done, and then the top level guidance provided.

7 So I'll just turn it over to Angela and Bill to
8 describe that a little bit further.

9 MS. GREEY: That's okay. I'm just saying what level
10 of rate increase might be --

11 MS. COLLIER: We didn't have a specific number or
12 target in mind. The direction from the board and the
13 executive, when the first -- as noted in Energy Probe
14 question 1, when the first round of capital forecasts was
15 put through, it resulted in too high, so it was back to the
16 drawing board, but there wasn't specific rates provided.

17 MS. GREEY: So you didn't look in what you thought
18 customers might find acceptable?

19 MS. COLLIER: We did. I mean, that was the guiding
20 principle throughout the whole process, but it wasn't a
21 specific, the rate has to be this amount; it can't be any
22 higher. There wasn't that level of detail provided.

23 MS. GREEY: But where did you get your guidance to
24 find out what level you did use? So you didn't look at
25 what the customer thought --

26 MS. COLLIER: I mean, we did the customer surveys for
27 sure, and Pamela can speak to that, if that is what you are
28 referring to, versus the capital programs that --

1 MS. GREEY: So you were saying your management said,
2 Okay. That capital program is too large. I'm just saying,
3 did you ever look at -- so they said that, but what would
4 your customer think? Are you not setting a rate, having a
5 rate increase or decrease, looking at what your customer
6 wants?

7 MS. JONES: So I'm -- just for clarification, are you
8 asking whether or not we provided some sort of percentage
9 guidance as to whether or not -- what would be acceptable,
10 affordable? Is that what you are asking?

11 MS. GREEY: Yes, and the level doesn't have to be an
12 exact percentage, but did you take that into consideration
13 when you were looking at redefining your capital forecast?

14 MS. JONES: I think, all things considered, the
15 bottom-up was -- I think as you heard Ms. Collier say, the
16 bottom-up forecast produced a fairly -- well, a significant
17 capital budget, against which we -- when we ran numbers we
18 knew that top-level -- the top-level guidance of ensuring
19 low impacts to customers was a primary concern for us, so,
20 no, the answer is, no, we didn't put a percentage on it, if
21 that's what the question is.

22 MS. GREEY: Okay. No, that's -- I think you've
23 answered it, thank you.

24 MR. SHEPHERD: Could I just ask a follow-up on that,
25 please?

26 MR. GARNER: I was also going to ask a follow-up on
27 it, but you go ahead, Mr. Shepherd.

28 **QUESTIONS BY MR. SHEPHERD:**

1 MR. SHEPHERD: I don't understand how management knew
2 it was too much if they didn't have a number as to what
3 wasn't too much. If your capital program is producing rate
4 impacts that are too high, then what rate impacts were not
5 too high? Did anybody ever look at that?

6 MS. JONES: Mr. Shepherd, I can assure you that the
7 going-in guidance was to ensure low impact to customers.
8 And I think, as you can see, comparatively speaking, our
9 bill impacts are low relative to some others that have been
10 filed.

11 MR. SHEPHERD: Yeah, no, actually, that's not true,
12 the Schools' are going up 46 percent, so it's not low. So
13 that's why I'm asking the question. What -- low is not a
14 number that you can set a budget on, so did you not ever
15 have a number that you were targeting?

16 MS. JONES: Just to be clear, again, you're asking the
17 question whether we had a specific percentage in mind of
18 what would be an acceptable bill increase?

19 MR. SHEPHERD: Did you have anything more specific
20 than low?

21 MS. JONES: As low as possible would be the guidance
22 that we were -- we gave, and it's in Exhibit A-2-1.

23 MR. SHEPHERD: And it's --

24 MS. JONES: Minimal bill impact, excuse me, is the...

25 MR. SHEPHERD: So when the first numbers came in and
26 they were what they were, how did anybody know that that
27 was not as low as possible? How did anybody conclude that
28 that was not minimal bill impacts if you didn't have a

1 number?

2 MS. JONES: We did run preliminary numbers. I'm
3 sorry, your question is: How did we evaluate?

4 MR. SHEPHERD: How did you know that the numbers were
5 too high if you didn't know what a reasonable number was?

6 MS. GREEY: Or what level you were looking for that
7 was acceptable?

8 MS. COLLIER: I mean, there is only so much that could
9 be cut from the programs, was the bottom line. I mean, all
10 of these capital expenditures that are in the application
11 are necessary, in the view of Hydro Ottawa. So the cuts
12 that we made were things that we either thought could be
13 deferred to a later period or we could, you know, do it
14 more efficiently or productively or a different way, and so
15 we could live with these capital numbers.

16 MR. SHEPHERD: So it was all about the bottom-up,
17 then. It wasn't anything to do with what the customers
18 were willing to --

19 MS. COLLIER: No, no. That's not true. When these
20 numbers were run, there was preliminary bill impacts also
21 run, so when the executives were reviewing this information
22 they were looking at it from a customer point of view.

23 MR. SHEPHERD: But they didn't have a number.

24 MS. COLLIER: They did not have a specific number.

25 MR. SHEPHERD: Here's what I'm trying to understand.
26 I'm actually not trying to give you a hassle here, I'm just
27 trying to understand this in the context of what a
28 competitive company does. A competitive company does a

1 survey and says, Here's what our product can cost for us to
2 sell it. If we charge more than that, nobody is going to
3 buy it, so here's our number. And then the budget is
4 driven by that. That's how much you can spend, is to -- up
5 to that maximum. You didn't do anything like that, right?

6 MS. COLLIER: We did do a survey.

7 MR. SHEPHERD: Did you have a number at the end? This
8 is how much we can raise rates and our customers won't
9 squawk?

10 MS. JONES: In fact, the numbers that were included in
11 the survey that we did were much higher than the numbers
12 that our -- our final budgets produced, so, for example, I
13 think for residential we surveyed at \$3.66 for the first
14 year, \$3.66, and came in at 2 -- so...

15 MR. SHEPHERD: This was after you'd set your budget,
16 right? This is the Innovative study?

17 MS. JONES: Correct.

18 MR. SHEPHERD: So the Innovative study was after you'd
19 already finalized your business plan.

20 MS. JONES: The business -- the Innovative study
21 validated what we had heard our customers or surveyed our
22 customers on in the past, which was on our services and
23 what we provide.

24 MR. SHEPHERD: So it was after your business plan was
25 already finalized. We know that, because you've given us
26 the --

27 MS. COLLIER: It was after, it was after.

28 MR. SHEPHERD: So you didn't set your budget based on

1 what the customers told you, in the Innovative study
2 anyway, because your budget was already done before you
3 even talked to them; true?

4 MS. COLLIER: Had the results from the Innovative
5 study come out differently, we may have gone back to the
6 drawing board and changed, but the results were not such
7 that we had to.

8 MR. SHEPHERD: Thanks.

9 MS. HELT: Mr. Garner, did you have a follow-up?

10 **QUESTIONS BY MR. GARNER:**

11 MR. GARNER: Well, I think you answered it. I was
12 looking at the Innovative study, and am I correct in that
13 study the capital spending that you presented to customers
14 is the same as the capital spending that you are projecting
15 in this application? I did a rough adding of the numbers
16 up, and if you want a reference it's on page 14 of the
17 Innovative study. You will find -- you will find a page
18 there which has your capital spending, and I'm just
19 wondering, my question was whether, in fact, that's the
20 same as what's in your application.

21 MS. BARRIE: They are materially the same.

22 MR. GARNER: And the categories that were used there,
23 are those -- they use different language, but the
24 categories there seem to me, when I did my adding up, to --
25 they look like the same as the Board's category system
26 access, general plant. You use one called "building and
27 equipment", and when I added that up, it looked like it is
28 the same as general plant. Is that the way those numbers

1 were -- are those numbers -- do they map that way in those
2 categories?

3 MR. BENNETT: I'm sorry, which page of that are you
4 referring to?

5 MR. GARNER: It is on page 12 -- or, sorry, page 14 of
6 the Innovative studies -- I think you called it the
7 workbook?

8 MR. BENNETT: Sorry, okay.

9 MR. GARNER: It's in the workbook. And in fact, I
10 don't want to jump ahead of Ms. Greey, but I had a question
11 on this very area, and that's why I had that page up. It
12 is on page 10 of the workbook.

13 MS. HELT: Which exhibit is this, Mr. Garner?

14 MR. GARNER: The workbook is -- it's in Exhibit A. I
15 believe it's an appendices -- it's called Appendix. I'm
16 just trying to find -- it doesn't have a reference on top
17 of it. It's -- there are two appendices at the end of
18 Exhibit A. This one just says "Appendix Hydro One 2016
19 rate application review", and then it's followed by the
20 workbook.

21 But the Innovative -- it's an -- I think why that is
22 it's an appendage to the Innovative reports results which
23 are -- I'll just find that one for you.

24 MR. BENNETT: Yes, you are talking about replacing the
25 ageing infrastructure, integrated technology in the power
26 system, buildings and equipment, and serving a growing
27 city?

28 MR. GARNER: That's correct.

1 MR. BENNETT: So they don't align directly, exactly
2 with the OEB. But you're right; in general, that's the
3 intent.

4 MR. GARNER: Why I ask that is that it was -- I was
5 trying to understand what was in the consumer's mind when
6 they provided the response that -- I think you've reported
7 on this, as to the need for replacing -- you have on that
8 same page:

9 "If these ageing assets aren't addressed they will
10 negatively impact reliability."

11 And there is one category called replacing ageing
12 Infrastructure, which, if I was the reader of this report,
13 I would think that's the category that affects reliability
14 since they use very similar, if not the same language.

15 Was that the intent, to explain to customers that that
16 33.7 amount was the replacing ageing infrastructure that
17 the customer should be worried that if wasn't done, the
18 reliability would be affected?

19 MR. BENNETT: In a sense, yes, that directly relates
20 to replacing ageing assets. But having said that, I guess
21 to characterize the whole thing in a sense, my side of the
22 house is the engineering side, and we come up with the
23 plan. We look at the information, and we come up with a
24 proposed capital program.

25 And the proposed capital program that we put forward
26 in the asset management plan is a needs-based program to
27 maintain existing levels of reliability, and that feeds the
28 budget, so to speak.

1 The budget that was put together in the initial stage
2 based on some of that information wasn't a full budget to
3 meet all the need. But, as was described here, once they
4 ran the information, once they looked at a lot of the
5 information that we have from our customers -- because we
6 are always touching base with our customers, doing annual
7 surveys, monthly surveys, et cetera -- what we determined
8 was that reliability is important to the customer, but cost
9 is very important to the customer.

10 So we set ourselves a challenge that we are going to
11 have a gap between the need to maintain reliability and the
12 spend we're going to spend, but we're going to try to
13 figure out ways to fill that gap with productivity,
14 technology, innovative ways to get things done.

15 So the direct one is ageing assets, replacing ageing
16 assets. But actually much of the capital program, from our
17 point of view, is to help assist in improving the
18 reliability performance.

19 MR. HARPER: The thing is I'm not really looking at it
20 from your point of view. What I'm trying to ascertain
21 right now is, looking that the study, what was in the
22 person responding to this study's point of view.

23 So I was just -- when I looked at that page, and we
24 had an interrogatory on that, I was just trying to figure
25 out what is it that you expected the person reading the
26 study and reading that -- because then they answer
27 questions based on being educated by this workbook.

28 Were they to take from that, in your mind, that it was

1 the \$181 million that was affecting reliability, or was it
2 the total of all of those capital projects list on that
3 page?

4 I'm just trying to understand what you thought the
5 customer is looking at. Because I'm saying what I looked
6 at, which was that I thought it was the 181.

7 But it's not clear to me as to what that's supposed to
8 be imparting to the consumer when they read it.

9 MR. BENNETT: I can't -- I can't give an answer on
10 what was supposed to be imparted. We tried -- I think that
11 in setting this up, they tried to divide the accounts up,
12 similarly to the way the OEB does, and for sure replacing
13 ageing infrastructure directly relates to replacing ageing
14 assets and reliability.

15 But as I say, a huge part of our plan is to integrate
16 technology, to automate the system, and obviously we have
17 the pressures of the growing system as well. Even though
18 the kilowatt hours may not be growing, the customer base is
19 growing and the customer expectation is growing. And
20 Ottawa, in a sense, much like Toronto, not nearly to the
21 level, is a huge infill taking place. So areas of old
22 distribution infrastructure are now being totally
23 overloaded with new condos, et cetera.

24 So there are multiple challenges in that activity, so
25 to speak.

26 MR. GARNER: One final question, and I'll hand it back
27 to back to Ms. Greey.

28 Just on the order of events here, because I am a

1 little bit confused now, there is also a survey done by
2 UtilityPULSE, I believe, if I'm right.

3 In the order of event as this happens, what happens
4 first? The UtilityPULSE poll; then you look at those
5 numbers; then you do your budgeting and then you go out and
6 do the Innovative study? Can you help me with the sequence
7 of the two consumer outreaches and the budgeting process
8 that you do, in the order of sequence, what happens?

9 MR. BENNETT: So, the customer interaction is an
10 ongoing interaction. We've been doing the simul-survey for
11 a number of years.

12 It is done through -- many utilities are doing it. So
13 you compare yourself to yourself, and you compare yourself
14 to the industry and other utilities. So that informs us on
15 what customers are thinking, to some extent.

16 As well, we have telephone surveys which are ongoing.
17 Basically, after a customer has an interaction in whatever
18 department of our organization, they may be subject to a
19 telephone survey, which again provides us some information
20 on what customers are thinking.

21 We participate in the Canadian Electricity
22 Association. In fact, our director of customer service is
23 chairman of the CEAD council -- or communications council,
24 customer communications council. So you are interacting
25 with other utilities.

26 So I don't want to say that there's a formula, like
27 you said, as part of the budgeting process, but that all
28 goes into the budgeting process.

1 The Innovative thing was something new this time
2 around, so it has not been part of the budgeting process at
3 Hydro Ottawa in the past.

4 MR. GARNER: I'm sorry, I'm still confused. My
5 question is fairly specific, I think, which is that you
6 have a budgeting process that you talked about here and you
7 were talking about how you came up with rate impacts and
8 then you went back, et cetera, et cetera, and I understand
9 that.

10 I was just trying to understand from the major
11 consumer inputs that you get, how that order of events
12 occurs. Is it something like you do the UtilityPULSE, then
13 do you the budgeting -- you came up with something and then
14 you finished it and put that into the Innovative report,
15 and went out to your customer group and looked at that.

16 So I'm just really trying to understand the chronology
17 of the customer input into the budgeting, and how the two
18 major surveys -- and if there is another one I've missed,
19 then by all means -- but the two major surveys sync with
20 the budgeting process that we just talked about and finding
21 the appropriate rate impact?

22 MR. BENNETT: As you've described, in a sense,
23 although I would say that in the past we have not done a
24 specific customer survey about our capital program or about
25 our rate increase per se.

26 The surveys with customers are about rates, about
27 reliability, about their billing accuracy, all that type of
28 thing. And so in this scenario where which was described

1 where we put forward a budget initially and it was sent
2 back to re-do, it wasn't because we did a survey and
3 customers balked at it or whatever. It was because when
4 they looked at it, they said based on the feedback that
5 we've been getting and what we have been hearing from our
6 customers, we want to take a better shot at this.

7 MR. GARNER: Was that budget done before or after
8 either one of these surveys, and which one?

9 MS. COLLIER: As Bill has mentioned, the utility one
10 is done annually, I think in the spring.

11 MR. GARNER: Right. And your budget was done?

12 MS. COLLIER: Well, the rate application budget was
13 pretty much a year-long process. I mean, we started in
14 January and finished in November, in terms of the budget
15 numbers.

16 The innovative came after, as we mentioned earlier and
17 then the monthly customer telephone surveys happened
18 monthly for a number of years.

19 MR. GARNER: Okay, thank you.

20 **QUESTIONS BY MS. GREEY:**

21 MS. GREEY: Okay, changing topics, if you could go to
22 the question number 6 -- as I said, they are all Consumers'
23 Council IRs that I'm referring to.

24 Council asked Hydro Ottawa to explain how a negative X
25 factor will provide an incentive for Hydro Ottawa to pursue
26 productivity initiatives.

27 The response was that whether it was positive,
28 negative, or zero, there were no impact on the incentives

1 for Hydro Ottawa to find and realize productivity gains,
2 and that the financial impact on a marginal basis of a
3 realized productivity gain would be identical.

4 Can you please explain that rationale again?

5 MS. JONES: Sorry. We had indicated that our
6 incentive to pursue productivity is not tied to the
7 productivity factor because it's embedded right now or it's
8 contained within the budget but it really arises from a
9 confluence of forces that we need to manage over the next
10 number of years, including aging infrastructure and an
11 aging work force. So we plan to deal with those
12 synergistically with a number of strategies, including our
13 work force strategy, and implementing new technologies.

14 MS. GREEY: I think what you heard you saying is that,
15 you know, you have big work to be done.

16 MS. JONES: We --

17 MS. GREEY: -- big work to be done, and you are going
18 to try to find ways to do it as efficiently as possible.

19 MS. JONES: Within the rates that have been put
20 forward, we have no choice but to do that, yes.

21 MS. GREEY: Well, hopefully you want to do that, but I
22 don't -- so I still don't understand then if you are going
23 to be using a productivity factor --

24 MS. JONES: We do --

25 MS. GREEY: -- within this application, to have it
26 negative just seems counterintuitive, and it seems like
27 you're separating two things. You are separating, well,
28 it's actually a negative productivity factor, but we're

1 going to do all these productivity initiatives. I am just
2 having trouble seeing how that...

3 MS. JONES: Well, we have do have an incentive in the
4 form of the ESM to go above and beyond what we've already
5 committed to doing that is already within the budgets, so
6 there is an incentive to obviously share in the efficiency
7 gains that we could go that would be more than what's
8 already included.

9 MS. GREEY: Okay, I was going to ask about that next.
10 I just have trouble with the negative X factor providing an
11 incentive, because you are giving yourself a negative one,
12 so does that not give you more room?

13 MS. JONES: Well, the negative X factor was selected
14 because it's -- as we've argued I think in OEB 7 -- it is
15 empirically-based and externally derived, and we chose the
16 average of the four experts which -- who the four
17 unanimously agreed that the industry was experiencing
18 negative productivity.

19 And as you see also in our evidence, PSE has confirmed
20 that we are going into this custom IR period as a superior
21 cost performer.

22 MS. GREEY: Okay, but you don't expect to have
23 negative productivity at the end of the day.

24 MS. JONES: We don't expect to have negative -- the
25 negative productivity factor is part of the I-minus-X
26 calculation --

27 MS. GREEY: Okay. So you separate --

28 MS. JONES: -- as applied to the escalator on the

1 OM&A, yes.

2 MS. GREEY: Okay. I'll leave it at that. Next, then,
3 question 9 --

4 MR. SHEPHERD: Sorry. Hang on a second.

5 MS. GREEY: I know --

6 **QUESTIONS BY MR. SHEPHERD:**

7 MR. SHEPHERD: Let me just follow up on that.

8 You used the average of the four experts, but isn't
9 the Board sort of an expert too? And the Board said zero.
10 I don't understand why the Board's opinion didn't matter.
11 Perhaps you could explain why that was excluded.

12 MS. JONES: So in the custom IR framework -- or in the
13 RRFE the Board's language of adopting the zero percent
14 productivity factor is -- you can -- it is discernible
15 within the context of the annual -- the annual and the
16 price -- or the fourth-generation price cap model.

17 But if you look at Table 1 on page 13 of the RRFE,
18 there is no specific mention that the OEB deemed values are
19 what is to be put together or what is to be used for a
20 custom IR.

21 MR. SHEPHERD: No, no, no, yeah, I understand that.
22 What the Board said is, We don't think it's a good idea to
23 have a negative productivity factor. You agree with that?

24 MS. JONES: I do.

25 MR. SHEPHERD: And if you are filing a custom IR and
26 you have different evidence, if you have new evidence on
27 productivity that is specific to you, then we'll listen to
28 it, but if you don't, then we've already decided what we're

1 going to do --

2 MS. JONES: And we have filed evidence to the effect
3 that the benchmarking evidence from PSE which illustrates
4 that we are superior cost performer and that we would have
5 a zero percent productivity -- or a zero percent stretch,
6 sorry.

7 MR. SHEPHERD: Mr. Fenrick did not file evidence on
8 the appropriate productivity factor for Hydro Ottawa, did
9 he?

10 MS. JONES: No, he -- his evidence speaks to our
11 performance in general, our historical and forward-looking
12 reliability and cost performance. I'm sorry, the question
13 again was?

14 MR. SHEPHERD: No, my original question was about the
15 Board's determination that in custom IR you could file a
16 utility-specific productivity factor with evidence backing
17 it up. You haven't provided anything of that sort.

18 MS. JONES: We have -- we are pointing to the evidence
19 that the Board has of the four experts that unanimously
20 agreed that it is a negative productivity factor.

21 MR. SHEPHERD: The evidence that the Board has already
22 rejected.

23 MS. JONES: That is part of the RRFE. It is part of
24 the RRFE.

25 MR. SHEPHERD: I'm sorry, I'm sliding into cross.
26 I'll leave it at that.

27 **CONTINUED QUESTIONS BY MS. GREEY:**

28 MS. GREEY: Okay. Then moving to question number 9.

1 And this is about the sharing earnings. So in there you
2 talk about the substantial risk. Can you explain further
3 what the substantial risk is?

4 MS. JONES: So some of the risks that we're referring
5 to here, of course, are the risks -- some of them are set
6 out in OEB -- response to interrogatory OEB 2, and
7 specifically arise from the fact that we're not coming in
8 for annual adjustments; we're not coming in to be rebased.
9 We are specifically, as would be intended in incentive
10 regulation plan, going out and making minor mid-term
11 adjustments, so there are considerable risks, because the
12 forecast is only as good as the forecast is the day that it
13 is made.

14 However, there could be a number of factors that may
15 arise in the next five years for which we could have not
16 foreseeably forecasted, so there are a number of risks, and
17 we are in our earning sharing mechanism assuming the risk
18 associated with under-earnings, so -- and protecting
19 customers from that with an asymmetrical ESM.

20 MS. GREEY: If you felt that the risks were so high
21 during the five-year, you could have used another mechanism
22 come in, not using the five-year.

23 MS. JONES: It's a total package. The way we've
24 designed the plan is taking regards to balancing of risks
25 and rewards and incentives. And as I mentioned, the ESM is
26 the one mechanism, if you will, whereby we could be
27 incentivized.

28 I think the Board recognized in the Enbridge decision

1 that an ESM represents a performance incentive mechanism.

2 MS. GREEY: Yeah, no, actually, I was just talking
3 about the substantial risk, so if you felt there was such a
4 large risk you could have come in for the cap and IRM
5 rather than doing the five-year, doing a custom, so you
6 made the decision to come in for a custom, but if the
7 company felt like it was such a substantial risk to go for
8 five years, you didn't have to do it.

9 MS. JONES: In the event that the risks are
10 substantial, there is the OEB's off-ramp.

11 MS. GREEY: Yeah, so I just said, though, like, why
12 did -- you didn't have to come in. It is not more what
13 else you can do, because you did, it is just that if you
14 felt the risks were that substantial you did not have to
15 come in; would you not agree with that?

16 MS. JONES: But I think what we are saying by way of
17 this holistic plan is that we are expecting that the risks
18 are manageable, and that's essentially what is expected in
19 an incentive regulation plan.

20 MS. GREEY: Unless you are also saying that the
21 shareholder bears all the risks associated for under-
22 earnings, but even without an ESM, isn't that what's always
23 happened? So if you don't make -- if you have under-
24 earning, the shareholder is going to bear that at any time.

25 MS. JONES: And Hydro Ottawa has had, for a few years
26 now, an under-earning on their ROE.

27 MS. GREEY: Same, but that's not really an event of an
28 ESM. That doesn't really -- you're going to -- the

1 shareholder is going to have that one way or the other,
2 because they just don't really see why that's such an
3 advantage, and I'm going right back to why you are not
4 prepared to be sharing the deemed ROE 50-50 when you do do
5 better, and you're saying, well, you know, you have the
6 substantial risk. Well, you could have chosen another
7 mechanism to come into the OEB, and then secondly, you're
8 saying you're bearing all the risk of under-earning, but
9 you will always have that risk.

10 MS. JONES: I guess I just wanted to reiterate that it
11 is the only mechanism through which we are incentivized to
12 potentially gain a reward for over-performing.

13 MS. GREEY: You just don't think that the customer
14 should also, even up to the 150 basis points, get some of
15 that reward?

16 MS. JONES: We are prepared -- we have proposed to
17 share above 150.

18 MS. GREEY: But not below, even though --

19 MS. JONES: No.

20 **QUESTIONS BY MR. SHEPHERD:**

21 MR. SHEPHERD: Can I just follow up on that? The 150
22 basis points also rewards Hydro Ottawa for forecast error,
23 right? If your forecast is too high in expenditures, and
24 you end up spending a lower amount -- not because of
25 productivity, but because you over-forecast -- then you get
26 150 basis points of additional ROE as a sort of a freebie
27 because of that under-forecast, right?

28 It's a hypothetical. I'm not asking you to agree to a

1 hypothetical, only to the result.

2 MS. JONES: Another hypothetical is that our load
3 forecast is incorrect, and we absorb the cost of that.

4 MR. SHEPHERD: I was actually going to go to the load
5 forecast, because if your load forecast is too low, then a
6 similar problem arises. You can get 150 basis points of
7 additional ROE just because of forecast error, right?

8 MS. JONES: Conceptually, one would -- but keep in
9 mind that the OEB has stipulated that a custom IR is a
10 five-year review of costs. And so it's the forecast that
11 we're putting forward, yes.

12 MR. SHEPHERD: Here's why I'm asking this. I'm going
13 to ask you to undertake to provide a calculation of the
14 impact on the rate equivalence of that 150 basis points for
15 each of the five years of the plan, if you over-earn by 150
16 basis points exactly and the only reason was forecast
17 error.

18 So your expenses were lower, let's say.

19 MS. JONES: Could you just repeat --

20 MR. SHEPHERD: So I'm asking you to do the
21 calculation. If you over-earn by 150 basis points on ROE
22 in each of the five years of your plan, and the sole reason
23 for that over-earning is that your expenses have been
24 forecast too high and, when they come in lower, the result
25 is that you over-earn.

26 The calculation is not going to be a 1.5 percent
27 increase in rates, or impact on rates. It's going to
28 actually be some different amount, because you have bills

1 and equity is only 40 percent, et cetera, right? It is
2 just a mathematical calculation. It's just I don't want to
3 do it; I'd rather have you do it.

4 MS. JONES: We'll agree to undertake that.

5 MS. HELT: So that will be undertaking JTC.27.

6 **UNDERTAKING NO. JTC1.27: TO PROVIDE THE CALCULATION**
7 **OF IF HYDRO OTTAWA OVER-EARNS BY 150 BASIS POINTS ON**
8 **ROE IN EACH OF THE FIVE YEARS OF YOUR PLAN, AND THE**
9 **SOLE REASON FOR THAT OVER-EARNING IS THAT HYDRO**
10 **OTTAWA'S EXPENSES HAVE BEEN FORECAST TOO HIGH AND,**
11 **WHEN THEY COME IN LOWER, THE RESULT IS THAT HYDRO**
12 **OTTAWA OVER-EARNS**

13 MS. HELT: Ms. Greey?

14 **CONTINUED QUESTIONS BY MS. GREEY:**

15 MS. GREEY: This is my last one up for this exhibit.

16 In number 11, you talk about an annual written
17 reporting process with the scorecard results and the
18 capital expenditure update.

19 What are the specific elements -- and this may be an
20 undertaking, unless I missed it somewhere in the other
21 evidence -- the specific elements that will be reported on
22 in the capital expenditure update?

23 MS. JONES: I believe we've put some information
24 together on that, and that can be found in Exhibit A-2-1.

25 It is the aggregate spend versus actual that we've
26 proposed to provide the Board on an annual basis.

27 MS. GREEY: You were just going to give them one
28 number, though. Was it going to be divided into different

1 categories to how them, or --

2 MS. JONES: I believe we were going to provide it by
3 the OEB categories that are set out in the DSP, so
4 systematic success renewals.

5 MS. GREEY: By the four different categories.

6 MS. JONES: Correct.

7 MS. GREEY: So there would be four different numbers.

8 MS. JONES: And a total.

9 MS. GREEY: And would you be willing to do within
10 projects, within in each of the four categories?

11 MS. JONES: No, we wouldn't. We've answered an
12 interrogatory to that effect.

13 MS. GREEY: So it is just by the four categories. And
14 what are the consequences if Hydro Ottawa doesn't meet the
15 proposed -- do you have any -- what are the consequences?
16 So you are going to do this; you haven't met it --

17 MS. JONES: I guess I'll start off and then I'll defer
18 to my colleague Mr. Bennett. I think -- as I'm sure you
19 can appreciate, some -- the timing of some projects, not
20 all of which is always within our control and so there
21 could be some pushing of the projects. But it doesn't mean
22 that it falls off the agenda.

23 So keeping in mind that if it's in the budget, it's in
24 the forecast, and the intent is to complete the project,
25 but the timing could still shift.

26 I'm just -- did you want to --

27 MR. BENNETT: Just to clarify the question, it's if
28 you don't spend the capital money -- is that what you're

1 asking?

2 MS. GREEY: Either way. This is part of a reporting
3 mechanism, so part of this custom application is saying,
4 hey, we're going to be able to stay, we're going to be able
5 to do this.

6 So what is the consequence if you come back with your
7 annual reporting and you haven't met what you said you'll
8 do within this application?

9 MR. BENNETT: I don't know what a consequence is. I
10 mean, from a process point of view, our process is to set
11 the budget and to complete the budget. Stuff happens for
12 sure, but I mean we track it monthly. We track it
13 corporately, we track it with the board. It is an ongoing
14 activity; it's what we do.

15 So our intention is to set a budget and complete the
16 budget.

17 MS. GREEY: I guess what it is -- should you not be
18 able to -- should the OEB just sway, sorry, you have to
19 meet it. You don't get those -- you have to change the
20 rates to actually what you did?

21 What other consequences, or what other things could
22 happen, and some suggestions of what you would if you
23 didn't meet it, if I can ask it that way.

24 MR. BENNETT: Are you asking on the capital side?

25 MS. GREEY: Yes.

26 MR. BENNETT: I mean, capital is -- you have projects
27 that are completed within a given year, and you have
28 projects that are multi-year. So you could have station

1 projects, a \$20 million project. I've budgeted over three
2 years, but my actual split doesn't come down the way I
3 thought, so I under-spend on that project in the first year
4 and over-spend on the second year.

5 I mean, as I say, the whole concept of our capital
6 program is to set the budget and complete the work. It is
7 not to not do the work.

8 I mean, we are challenged right now. We are under
9 budgeted to get where we want to be from a reliability
10 point of view, and we are going to be working hard to get
11 to that desired level of reliability, so --

12 MS. GREY: I think I'm actually talking more process,
13 too. I fully, fully understand Ottawa has lots to do and
14 lots of capital projects.

15 But you have stated that you will annually report.
16 You said you are going to do aggregate over every year.
17 And in the custom IR, you've also said, you know, we know
18 one of the mandates is to be able to stay within what we
19 are we say we're doing for five years.

20 So I'm asking, when you don't meet it, what will
21 happen. What do you think should happen? I understand you
22 might not, but you have said you're going to, so there
23 should be some consequence.

24 And I've got it, you're doing the work. I think it's
25 part more of a process.

26 MS. JONES: If I may? I think what the Board said in
27 the RRFE that the monitoring of the capital spend versus
28 actual is something that they would undertake, where we've

1 just offered to do it. And that they will -- they will
2 look at that information.

3 What they do with it is not something that we can
4 state at this time.

5 MS. GREEY: And you wouldn't give any recommendations
6 of what you think?

7 MS. JONES: Well, I guess I would point to one of the
8 OEB pronouncements in the Enbridge decision, which speaks
9 to when you've put together a five-year plan, you are
10 under/over spend is -- it's an envelope, and these are the
11 words of the Board.

12 I apologise I don't have the page reference in front
13 of me, but the expectation certainly would not be for the
14 Board to come back and remove part of our capital budget
15 because a project might be delayed. I'm not sure if that
16 was where you were going.

17 MS. GREEY: Okay, that helps enough for -- as I said,
18 I don't want to get into cross. So thank you, those are my
19 questions on Exhibit A.

20 MS. HELT: Thank you, Ms. Greer. Just one question
21 for you, Ms. Greer. I believe you indicated, prior to the
22 technical conference commencing, that you had just a few
23 questions on a couple of the other exhibits.

24 MS. GREEY: Well, I have two on Exhibit 2 or Exhibit
25 B, and six on D. Do you want me to do my B ones now?
26 Because I do have a problem with coming tomorrow, being
27 here tomorrow.

28 MS. HELT: As long as everyone is all right with Ms.

1 Greey reading her questions, just so that you she can --

2 MR. SHEPHERD: Can we just do it after the break?

3 MS. HELT: Her questions after the break, or we can
4 take her questions to the break? How long do you think
5 you'll be?

6 MS. GREEY: It's hard to tell. No more than -- I
7 thought these would be a little faster. So maybe 20
8 minutes.

9 MS. HELT: Why don't we go with your questions and
10 then we'll take a break.

11 MS. GREEY: I have eight questions, I do know that.

12 MS. HELT: So go ahead.

13 MS. GREEY: So the next is looking at question 17, and
14 this is looking at the cost sharing formula, when you are
15 doing work with third party -- oh, and so there is a cost
16 sharing formula that you use with the city, and just, it's
17 the second point. So when the road authority has requested
18 Hydro Ottawa to relocate its plant after five years from
19 the road's authority approval for new plant, and there was
20 no provision, then it's 50 percent. I just could -- you
21 know, verbaleze, but can you just maybe put it in a bit
22 more lay terms or exactly why -- can you just explain again
23 what the five years, et cetera, is, so -- because I'm
24 getting at, why is it only 50 percent only in that
25 circumstance?

26 MR. BENNETT: Yes. So the deal with the city of
27 Ottawa is -- well, the theory of the deal with the city of
28 Ottawa is once they do a new road, nobody touches it,

1 nobody enters on it for five years, so nobody is allowed to
2 cut the road for five years; that's the theory.

3 If they do something that causes us to have to move
4 within that five years, they pay 100 percent, so if they
5 give us the approval to put pole line in, for example, and
6 the road -- the next year decides they are going to widen
7 the road, then they pay us 100 percent to relocate that
8 plant.

9 After the five years we go to the 50-50 on labour and
10 labour-saving devices, so the 50 percent of labour and
11 labour-saving devices is kind of the standard road
12 authority agreement between utilities and the road
13 authorities.

14 MS. GREEY: Okay. And that's across the province?

15 MR. BENNETT: In general, I don't know if everybody is
16 doing it, but if you deal with the Ontario ministry, that's
17 what they do, and that's what most of the municipalities,
18 as far as I know, follow, if they follow anything.

19 MS. GREEY: So even though you don't want to move that
20 plant, they've requested it, they are expanding the road,
21 you only get -- you have to contribute 50 percent?

22 MR. BENNETT: If it's the road authority. If it's
23 another utility then they pay us to move --

24 MS. GREEY: Thank you.

25 MR. BENNETT: -- but if it's the road authority it's
26 50 percent, and the bulk of the work is the road authority,
27 typically.

28 MS. GREEY: Yeah, I think I'm asking about that too.

1 Yeah, that's my next -- on question 19. If what you just
2 said is that the majority of the plant relocation work is
3 the city of Ottawa --

4 MR. BENNETT: Yes.

5 MS. GREEY: -- but that these projects are not yet
6 specifically planned.

7 What is a plan time frame for city's work? I would
8 think they have to -- you know, if they have planning
9 processes that I thought were, you know, longer that you
10 would know in a five-year span what was going to happen.

11 MR. BENNETT: They do, and we participate -- all the
12 utilities, there is an electronic format that the city
13 uses, so we all put our information in about the projects
14 that we are going to do, and we work together on those
15 projects, and some of them might not be relocations. It
16 might mean they need a new service or something like that.

17 Having said that, their plans change or they get
18 delayed or whatever happens, so there's proposals for the
19 right rapid transit, for road-widens, for city works for a
20 period of time, but it depends -- every year they re-juggle
21 that to determine what they're actually going to do.

22 MS. GREEY: Okay. So it is hard for you to fit into
23 that planning process yourself?

24 MR. BENNETT: So for example, last year, you know, we
25 had a couple projects with the city, as an example, and one
26 with Hydro One, which were, I'll call them growth projects,
27 that didn't go, so we got all geared up, but they got
28 delayed, so...

1 MS. GREEY: Okay. And so you were -- what other
2 relocation work? You are saying they made new plant...

3 MR. BENNETT: Relocation work. I mean, there is a
4 variety of things that could cause relocation. For
5 example, the light rapid transit activity could cause
6 relocations, which in many cases we would do that as a work
7 for others, so they would pay us 100 percent for that. We
8 have NCC could cause that, again, depending on whether --
9 they do have some spots where they are kind of the road
10 authority, but if it's not a road authority they pay us for
11 that.

12 Other utilities, as I described. So for example, if
13 the city sewer wants to redo a sewer and they need to
14 relocate us, they pay us for that. But most of the work
15 has to do with the road authority and is the 50 percent.

16 MS. GREEY: Okay. And that's -- my other six
17 questions are for Exhibit 4; do you want me to continue?

18 MS. HELT: Sure, go ahead.

19 MS. GREEY: Right. The next is going to the
20 Consumers' Council question 33. We were talking about
21 compensation studies, and you did talk about what you'd
22 looked at and how you fit that in, and you said that the
23 final comparisons from the Hay Group, 2012, resulted in
24 adjustments to the salary scales as of January 2013.

25 What adjustments were made as a result of these
26 comparisons?

27 MS. COLLIER: So you want the specific salary scale
28 movement?

1 MS. GREEY: Yes.

2 MS. COLLIER: I mean, they were all adjusted upward.
3 We can provide with you that.

4 MS. GREEY: You can provide that? That would be good.
5 Great. Thanks.

6 MS. HELT: JTC.28, related to CCC question 33, to
7 provide the salary scale adjustment.

8 **UNDERTAKING NO. JTC1.28: WITH REFERENCE TO CCC**
9 **QUESTION 33, TO PROVIDE THE SALARY SCALE ADJUSTMENT.**

10 MS. GREEY: The next is question 34, where you mention
11 a vacancy allowance which was mentioned in the 2014 budget
12 letter. In your response it says that there is an estimate
13 of savings from vacant positions and there is a credit for
14 vacancy allowance offsets, so I sort of understand that,
15 like, but I want to know is that -- how was this used in
16 the budget process? For example --

17 MS. COLLIER: It lowers the compensation number.

18 MS. GREEY: Yes. But is it -- so in actual -- in your
19 budget that you are giving to your board and upper
20 management, et cetera, you actually show the lower.

21 MS. COLLIER: Yes.

22 MS. GREEY: But was this allowance --

23 MS. COLLIER: To do the comp budget first --

24 MS. GREEY: Yeah.

25 MS. COLLIER: -- based on the number of percentage,
26 and then we lower the budget, because there is vacancies,
27 you know, people move around and --

28 MS. GREEY: Yeah.

1 MS. COLLIER: -- it takes time to fill amounts, so we
2 take 3 percent of that and put it as a credit to the comp,
3 so it lowers the compensation budget.

4 MS. GREEY: Okay. So -- right, and reduces the
5 amount. Right, I sort of thought maybe the allowance you
6 were, you know --

7 MS. COLLIER: Sorry --

8 MS. GREEY: -- using that somewhere else.

9 MS. COLLIER: Maybe not a good term.

10 MS. GREEY: No, that's okay. Thank you. Got it.

11 Question 35. This is about the extent to which the
12 smart meter program reduced the operating costs. So -- and
13 you were saying, yes, right, right from when they were put
14 in you could see that there was -- it really helped, but
15 however, Hydro Ottawa incurred increased IT costs,
16 including software licences, et cetera, et cetera, and we
17 know that the date of storage, everything was a lot larger
18 than you would have had before.

19 But have you done an analysis or could one be done to
20 find a difference in savings attributed to the installation
21 of the smart meters and the other increased costs?

22 MS. COLLIER: And we didn't mention this back in the
23 case -- in the last case, the EB-2011-0054. We haven't
24 done an analysis recently. They were implemented quite
25 some time ago, but, yeah, so we've certainly seen a
26 reduction in actual trucks rolling and people going to read
27 the meters, but on the other hand, all the infrastructure,
28 especially the IT infrastructure to support the smart meter

1 program, has gone up significantly, so overall it is pretty
2 much a wash.

3 MS. GREEY: But have you done that -- can you provide
4 that analysis? Because I would think even when you were in
5 -- you were actually in in 2011, correct, the proceeding
6 happened?

7 MS. COLLIER: Yes.

8 MS. GREEY: I would think you have even increased
9 costs, more and more of the smart meters, and the data
10 storage, et cetera, or could you do that to show, okay,
11 here -- even if you've had the savings from earlier on,
12 what the savings were for smart meter?

13 MS. COLLIER: We can undertake to do that.

14 MS. GREEY: Thank you.

15 MS. HELT: So JTC.29 would be to provide an analysis
16 with respect to the difference in savings attributed to
17 smart meters. This is related to CCC question 35.

18 **UNDERTAKING NO. JTC1.29: WITH REFERENCE TO CCC**
19 **QUESTION 35, TO PROVIDE AN ANALYSIS WITH RESPECT TO**
20 **THE DIFFERENCE IN SAVINGS ATTRIBUTED TO SMART METERS**

21 MS. GREEY: Versus the increased costs of IT, et
22 cetera.

23 MS. HELT: Yes.

24 MS. GREEY: Thank you. And then question 42. This is
25 a sort of question that I think we're -- we've been talking
26 about productivity and how you're looking at productivity
27 and productivity metrics throughout the application. So
28 you've suggested that, you know, you've saved this money.

1 And then it's in other process improvements, but it was
2 used to complete more work, and that you had demonstrated
3 that in Exhibit D1-4, and also the number of design
4 resources is the same.

5 Can you specifically show where you've used the
6 400,000, because you're, you know, you're saying that
7 you've saved this, but then on the other hand you're
8 saying, But then we spent it over here.

9 MR. BENNETT: Yeah. So the 400,000 that was
10 identified as part of the process is in process savings for
11 the design work. So there was a -- I don't know whether we
12 went through the whole thing, but the design side of the
13 house puts together the design packages and then project
14 manages all the capital work.

15 MS. GREEY: Mm-hmm.

16 MR. BENNETT: So we reorganized that group and used
17 Project Coach to organize all of our work. We have over
18 three hundred trained in Project Coach now, and they follow
19 the same process.

20 So, for example, from 2012 we had twenty-four
21 designers who did a total of about \$53 million of capital
22 work that they were responsible for, organizing and
23 managing. And then in 2014, twenty-one designers did
24 \$69 million worth of work.

25 So I can't point to the \$400,000 specifically in
26 savings, but we did more capital work with less designers
27 and --

28 MS. GREEY: I understand the -- thank you, I've got

1 that clarified. But then it says that was used to complete
2 other -- more work.

3 MR. BENNETT: Well, it just means -- we didn't reduce
4 the capital program by \$400,000 or whatever the savings
5 were, we just did more capital work with that money.

6 MS. GREEY: But you couldn't identify what capital
7 work. I'm just wondering if it was a capital work that was
8 a priority project.

9 MR. BENNETT: No, I can't identify anything specific.

10 MS. GREEY: But it was spent.

11 MR. BENNETT: The \$400,000 that allowed us to do this
12 project or --

13 MS. GREEY: Allowed you to do -- okay. The next one
14 is question 43. I had trouble a little bit with this
15 contract that you have. You are going to go out to tender
16 again for three-year standing offer arrangements with two
17 Toronto-based contractors.

18 And I'm saying it gives you a priority -- it gives you
19 an alternative for rather than doing full-time when your
20 work fluctuates. But I have not seen anywhere, and you
21 have stated today there is no fluctuation in this work. We
22 take it from what this is saying.

23 You have a long term, large multi-year capital program
24 that is going to stay that way for the five years. So if
25 that's the case and you know you are only going to have
26 more work, did you look -- would it not be more cost
27 effective to start to hire your own people rather than
28 having this expensive contract.

1 I know we probably -- maybe it was in your
2 presentation, you did emphasise the fact that yes, that is
3 expensive because you have to do room and board, et cetera.
4 I guess I don't see any fluctuation in your capital
5 program, and wonder then why are you going this route.

6 MR. BENNETT: So the use of the Toronto contractors
7 and it was identified that we do pay a premium because they
8 come from Toronto, and we have explored some options from
9 setting up a local contractor. But they are in demand,
10 they are in high demand, so you have to guarantee a certain
11 level of work to entice them to come and set up a full-time
12 operation.

13 And despite the fact that fact that we do have a lot
14 of work -- for example, last year we did send one of the
15 groups home early, not a lot early but three weeks early so
16 to speak. A project got cancelled, one of those city
17 projects got cancelled, so we were able to send them home a
18 little early.

19 The reality is with the contractors, if you give them
20 big jobs and you let them go at it, they are more expensive
21 per hour, but they're very effective. They like to get out
22 of town by Thursday night, so they are motivated to get a
23 lot of work done Monday through Thursday.

24 So, as I say, if you give them a big project where
25 they can set up and work, the actual cost at the end of the
26 day comes out to out to be about a wash between whether
27 they do it or we do.

28 If you start moving them in and out of jobs, it is not

1 as effective. They're not as effective. They don't know
2 our system as well, and it is not as effective from a
3 financial point of view. So you have to be smart how you
4 use them.

5 We have been lucky. We have had some very good people
6 on both of those contracts, and they've done a very good
7 job for us.

8 One of the things that we would like to do is reduce
9 the cost, though, of the contractors' hourly rate.

10 MR. SHEPHERD: Can I just ask a follow-up?

11 MS. GREEY: I'll just -- because the last thing is --
12 from what you've just said, though, it sounds like it still
13 might be more worthwhile to bring on more full-time, your
14 own, rather than contracting out when you know you have
15 this expansive program that is going to continue.

16 MR. BENNETT: So when you bring on a contractor and
17 you put them on a pole replacement job, all of the costs
18 associated with that pole replacement job are capital. All
19 the costs associated with the contractor are capital.

20 MS. GREEY: Uh-hmm.

21 MR. BENNETT: When I use my own guys, not all of my
22 costs are capitalized. So if I ramp up to do more capital
23 with in-house staff, I am adding to my OM&A cost typically
24 as well at the same time.

25 So there are benefits to having in-house staff for
26 sure, from the point of view if they build it, they know
27 it, they're there when the storm hits on the weekend and
28 all that sort of thing. But there are pros and cons to

1 both.

2 MS. GREEY: Have you looked at that financially within
3 the utility of saying what the difference would be?

4 I understand OM&A has the impact on rates. But have
5 you actually done any analysis?

6 MR. BENNETT: We've done a significant amount of
7 analysis. Whether we've come to a conclusion on it yet or
8 not, I mean Toronto is -- Toronto is an extreme example
9 that we get to look at and learn from, how they do it in
10 Toronto.

11 So, the short answer is I don't have an actual
12 financial comparison between the two yet.

13 MS. GREEY: Would that be worthwhile doing, for
14 instance, from a business --

15 MR. BENNETT: We are doing -- well, not as we speak,
16 but at this point, we are doing that right now. We are
17 looking at that.

18 We are looking at models of what could we do turnkey,
19 and also we could just give it to somebody to organize and
20 do, that type of thing.

21 But we're constantly trying to look for better ways to
22 get it done.

23 MS. GREEY: So if some of that happens within the five
24 years, that could lower your costs.

25 MR. BENNETT: We're looking to be productive at our
26 capital program for sure, if we can figure out how to do it
27 more productivity.

28 **QUESTIONS BY MR. SHEPHERD:**

1 MR. SHEPHERD: If you use your own internal people,
2 then the OM&A costs go up but the capital costs go down,
3 right? It is just an allocation question?

4 MR. BENNETT: It depends, it depends. That's why I
5 say it depends how effectively you use the contractors and
6 what type of jobs you give them.

7 What we found is when we're using contractors to do,
8 you know -- can I describe a quick infill type of work? It
9 is more expensive for sure than our own people. They don't
10 know our own system as well, they don't get around as well,
11 that type of thing.

12 But when you look at a big job overall, a big pole
13 replacement job, at the end of the day the costs come out
14 about the same.

15 MR. SHEPHERD: I wanted to segregate the two
16 questions, because you said very specifically that one of
17 the impacts of hiring your own people is that some of the
18 cost has to be included in OM&A instead of capital, whereas
19 a contractor, at the same cost, it would all be capital,
20 right?

21 MR. BENNETT: Yes.

22 MR. SHEPHERD: And so, if I understand correctly, that
23 impact is simply an allocation impact. Ratepayers are
24 going to pay for it in the end. They are just going to pay
25 for it through capital or OM&A, right?

26 MR. BENNETT: Yes, in a sense, yes.

27 MR. SHEPHERD: Now, with respect to the second part of
28 it, which is that the costs are essentially a wash on big

1 projects, you've reached that conclusion how?

2 MR. BENNETT: Reviewing the cost estimates and the
3 actuals on projects that we -- so we have pole replacement
4 jobs we do. We have pole replacements jobs that the
5 contractors do.

6 MR. SHEPHERD: And you've done a comparison?

7 MR. BENNETT: We look at it on an ongoing basis, in
8 the sense of putting together our estimates for next year's
9 capital program, and that sort of thing.

10 In the design group, one of the things they're
11 constantly doing is looking at the estimate they put
12 together for the project in the first place, what was the
13 actual, you know, but can you --

14 MR. SHEPHERD: But you just said you've never done a
15 rigorous comparison of the two choices, the build or buy
16 sort of approach?

17 MR. BENNETT: From an overall business point of view.
18 From an actual work point of view, we're doing that on an
19 ongoing basis. But what's better for the business? Is the
20 business better off to just hire contractors, or just hire
21 internal staff? No, we haven't done that.

22 MR. SHEPHERD: But your answer to that question -- it
23 sounds like is that neither is correct, because it depends
24 on what the work is.

25 MR. BENNETT: Exactly.

26 MR. SHEPHERD: So there is a more nuanced answer,
27 which is that for these types of activities, it is better
28 to have our own people, and for these types of activities

1 it is better to have contractors. Is that right?

2 MR. BENNETT: Yes, and we've done a lot of that in a
3 sense.

4 If you look at all of our residential subdivisions,
5 it's done by contractors. All of our civil work, pole
6 holes and civil work, is done by contractor. All of our
7 forestry is done by contractor. Now some of our big pole
8 replacement jobs are being done by contractor.

9 MR. SHEPHERD: And that's because these are portable
10 skills that basically you don't have to know the system as
11 well to do these sorts of things; these about cost control.

12 MR. BENNETT: Exactly.

13 MR. SHEPHERD: So it sounds like you've looked at this
14 a lot. What do you have? You don't have a formal overall
15 comparison of the two choices, but you do have some
16 analysis, right?

17 MR. BENNETT: We have analysis, as I say, that we've
18 done projects comparing projects between the groups.

19 MR. SHEPHERD: So could you provide us with the stuff
20 you do have that compares these two options?

21 MR. BENNETT: We can provide some of the analysis that
22 we've done, as far as projects with our own forces and
23 projects with contractors.

24 MR. SHEPHERD: Whatever that you can do provide would
25 be helpful, that would be really useful.

26 MS. HELT: All right. So that will be Undertaking
27 JTC.30, to provide a comparison or analysis of various
28 projects that Hydro Ottawa has performed with respect to

1 the cost for either contracted work or in-house work.

2 **UNDERTAKING NO. JTC1.30: TO PROVIDE A COMPARISON OR**
3 **ANALYSIS OF VARIOUS PROJECTS THAT HYDRO OTTAWA HAS**
4 **PERFORMED WITH RESPECT TO THE COST FOR EITHER**
5 **CONTRACTED WORK OR IN-HOUSE WORK; (B), TO PROVIDE A**
6 **LIST OF THOSE TYPES OF WORKS OR TRADES THAT HYDRO**
7 **OTTAWA NO LONGER DOES IN-HOUSE BUT CONTRACTS OUT THE**
8 **WORK FOR.**

9 MR. BENNETT: Can I just -- is that -- are you
10 speaking specifically about line contractors or are you
11 talking about any contracting work?

12 MR. SHEPHERD: Well, I'm basically asking you to give
13 us whatever is the most helpful to analyze that management
14 decision. I mean, the stuff that you find most helpful
15 would be, to start with.

16 MR. BENNETT: As an example, like, if I look at
17 forestry, we don't train or carry foresters any more. If I
18 look at civil work, we don't have what we call groundsmen
19 who do civil work. It's all done by contractor.

20 MR. SHEPHERD: Well, but those things are done. The
21 barn door is closed on those things, but you have some
22 things where you do have to make the decision on a regular
23 basis, like subdivisions, like replacing a line, et cetera,
24 right?

25 MR. BENNETT: Yeah, if we want to do a comparison of
26 actual line work kind of thing we can do that.

27 MR. SHEPHERD: Okay. And then my follow-up to that
28 is, you said that you are in the process of doing a more --

1 a bigger analysis, if you like, a more formal analysis of
2 the build or buy decisions, right?

3 MR. BENNETT: Well, we're doing -- right now we have a
4 project right now that we are -- a pole replacement project
5 that we are attempting to do as close to turnkey as
6 possible, to assess the benefits of looking at bringing in
7 a turnkey type contractor.

8 MR. SHEPHERD: So is that what you were referring to
9 when you said, "as we speak" we are studying this? And so
10 are you treating that like -- sort of like a pilot project?

11 MR. BENNETT: Exactly.

12 MR. SHEPHERD: And what's the time frame for that?

13 MR. BENNETT: They're on the job in the sense they've
14 got the job, they should be replacing poles next month, so
15 we expect to do an analysis and review with them probably
16 in October.

17 MR. SHEPHERD: Okay, that's fine. Thank you.

18 MS. GREEY: I'm just -- I'm just -- when you are
19 preparing the undertaking, just, it would be helpful,
20 particularly, what analysis you have, like, so the jobs
21 that you can compare, as you say, lines jobs, but -- you
22 know, so -- but if there was anything else that you had
23 looked at, if you could go back and see what types of
24 analysis you would do, that would be great.

25 So -- and also, if you could list what trades you
26 don't have -- you are saying forestry, a couple of trades
27 that you now do not have at all; correct?

28 MR. BENNETT: Yes, so trades that we don't have. I

1 mean --

2 MS. GREEY: Like, you are saying you don't do the
3 forestry at all any more.

4 MR. BENNETT: Don't do forestry. Don't do meter
5 reading any more.

6 MS. GREEY: Can you list -- could you -- part of this
7 undertaking being just so that I'll know -- I won't go, Oh,
8 well, what about metering? Like, could you list the ones
9 that you don't have and that you know would not ever be
10 cost-effective to bring back in?

11 MR. BENNETT: I'll try to remember through my 33 years
12 all the trades that we have eliminated.

13 MS. HELT: So then part of JTC.30 will be to provide a
14 list of those types of works or trades that Hydro Ottawa no
15 longer does in-house but contracts out the work for.

16 MR. SHEPHERD: Can I just ask one follow-up question
17 on that? Your union is IBW?

18 MR. BENNETT: Yes, it is.

19 MR. SHEPHERD: Have you had discussions with the union
20 about your contracting out versus internal-use policies and
21 -- I mean, presumably they're very interested in this as
22 part of contract discussions; right?

23 MR. BENNETT: We have had some conversations with them
24 at a working level. I mean, the -- for example, Black &
25 McDonald and K-Line are both IBW contractors -- different
26 IBW group, but both IBW -- so the conversation at the IBW
27 business level is different necessarily than it is at the
28 local level.

1 I would say, in general, the local group -- we are not
2 cutting staff, so to speak, like, they're not losing jobs.
3 Maybe there could be jobs that could be gained if we hired
4 internally versus contract out, but...

5 MR. SHEPHERD: But instead they are being gained at
6 Black & Mac, so --

7 MR. BENNETT: Yes.

8 MR. SHEPHERD: -- they're okay with that.

9 MR. BENNETT: Well, I don't know if they're okay with
10 it. IBW seems to be okay with that model, but it hasn't
11 been an issue to date.

12 MR. SHEPHERD: Some utilities across North America
13 have actually entered into sort of joint plans with their
14 unions about contracting out. Are you anywhere along that
15 path, or is that --

16 MR. BENNETT: In setting up a contracting company, are
17 you speaking of?

18 MR. SHEPHERD: Not so much the setting up a
19 contracting company, but just in setting out a set of
20 parameters for how you contract out, who you contract out
21 with, et cetera?

22 MR. BENNETT: No, we have a pretty good relationship,
23 and we have a pretty free hand in contracting out. I mean,
24 we -- I mean, we could burn ourselves with that, maybe, if
25 we do something stupid, but so far it's been good. I mean,
26 the demographic of the organization is, you know, some
27 people call it a camel. We have got a bunch of old guys
28 like me that are going to be walking out the door in the

1 next three to five years, and who will probably be happy to
2 go work for a contractor for a short period of time after
3 that fact, but we continue to hire young people into the
4 organization, and we participate very actively with
5 Algonquin in training tradespeople and so on, so we seem to
6 have at this point a pretty good balance.

7 MR. SHEPHERD: Thanks.

8 MS. HELT: Ms. Greey?

9 **CONTINUED QUESTIONS BY MS. GREEY:**

10 MS. GREEY: One last question, if that's -- on a
11 different topic, okay? Question 46, my last question. And
12 hopefully an easy one. Just, we asked what type of e-
13 billing service Hydro Ottawa provides, and you'd said
14 through a third-party vendor. Can one of you just tell me
15 the process the customer goes through to participate in the
16 e-billing?

17 MS. COLLIER: Do you mean like they sign up and get an
18 e-mail, like --

19 MS. GREEY: Yes, so how does it work, because I know
20 in some utilities it's not true e-billing, that they
21 actually have to go through a third party. Like, who is --
22 can you say who your third party is or exactly -- if I want
23 -- if I am a Hydro Ottawa customer and I want to sign up
24 for e-billing, exactly how am I paying my bills? What's
25 the process?

26 MS. COLLIER: So if you are on e-billing, it is not so
27 much of a payment, it's about how you receive the bill, so
28 we do have a third-party provider that provides the

1 invoice. They sign up through my Hydro link and then they
2 can either opt to get an e-mail -- a summarized e-mail with
3 the amount they owe, or they can -- with a link to their
4 bill.

5 MS. GREEY: Okay. And there is no option for them to
6 actually pay it electronically.

7 MS. COLLIER: There is, but that's kind of, you know,
8 auto pay options.

9 MS. GREEY: Can you tell me about those, because often
10 people think to -- right, like, it's -- you're getting it,
11 which is great, so you're saving the postage.

12 MS. COLLIER: Yeah, so we --

13 MS. GREEY: That's really all you're doing, though --

14 MS. COLLIER: -- we have some customers that sign up
15 for both e-billing and auto pay, but not necessarily the
16 two are --

17 MS. GREEY: You don't have to do both.

18 MS. COLLIER: No.

19 MS. GREEY: Okay. Can you just tell me about auto
20 pay?

21 MS. COLLIER: I don't know if I'm the best...

22 MS. GREEY: Is there any of you... But there is a
23 mechanism where they didn't have to go through a third
24 party. You can just -- maybe you can just answer --

25 MS. BARRIE: Like, are you just looking --

26 MS. GREEY: -- of the whole process --

27 MS. BARRIE: -- at, like, the difficulty of the
28 customers, like, they would just sign up. You can do that

1 online or you can call in, and you are on automatic
2 payment, and it will just come out of your bank account on
3 a regular basis.

4 MS. GREEY: Through Interac.

5 MS. BARRIE: Yes.

6 MS. GREEY: So, no, but you will just have Interac.
7 Right. Okay. Which is free --

8 MR. GARNER: Sorry, when you say "third party", just
9 so I understand it, you don't actually mean the -- do you
10 mean the customer actually sees the third party, or just
11 that's how it's delivered? To the customer, it is
12 seamlessly through you? Is that what it appears to the
13 customer to be happening?

14 MS. BARRIE: That's right. It is --

15 MR. GARNER: Okay. Thanks.

16 MS. BARRIE: -- an external company, yes.

17 MS. GREEY: So they can -- so you have Interac? You
18 can pay -- oh, maybe that's my question. How can you pay
19 your bill. You can pay through Interac? Like, I know some
20 people have PayPal, but there's actually a cost for that,
21 of if they want to use -- could you allow them to use their
22 Visa, but then you charge them 2 percent? I guess that's
23 what I'm looking at. How can they --

24 MS. BARRIE: Right. But that's not auto pay.

25 MS. GREEY: Okay.

26 MS. BARRIE: The Visa payment's not auto pay.

27 MS. GREEY: But that's -- okay.

28 MS. BARRIE: Yeah, auto pay --

1 MS. GREEY: How can you pay your electricity bill at
2 Hydro Ottawa?

3 MS. BARRIE: So you can -- we do have the credit-
4 card option. You can do auto pay, you can do by Interac,
5 you can send us a cheque.

6 MS. GREEY: And when you use Visa there is a charge?

7 MS. BARRIE: There is.

8 MS. GREEY: Yeah, okay, so you put that back.

9 Does -- are you -- do you let the customer know that
10 they will be charged that?

11 MS. COLLIER: Yes, yes.

12 MS. GREEY: So in an agreement or somewhere it says if
13 you use this -- where would they --

14 MS. COLLIER: It is quite clear to the customer when
15 they pay what the charge is, because they are paying for it
16 at the time.

17 MS. GREEY: So they would pay, and so it would say,
18 No, you actually owe more --

19 MS. COLLIER: Yes.

20 MS. GREEY: -- than what you are paying.

21 MS. COLLIER: Yes.

22 MS. GREEY: Okay. I think that answers it. Thank --
23 that's all my questions. Thank you so much for allowing
24 me --

25 MS. HELT: Great. Thank you, Ms. Greey.

26 We will take the afternoon break now. Are people
27 available to sit until 5:00 p.m. today, as opposed to 4:30?
28 Yes, yes. The court reporter, are you free until 5:00?

1 Yes. All right then. So why don't we take a break until
2 quarter to, and then we'll come back, and Mr. Shepherd, do
3 you want to start off with questions?

4 MR. SHEPHERD: Not particularly.

5 MS. HELT: No? Mr. Aiken? All right.

6 MR. AIKEN: Sure, why not.

7 MS. HELT: So we'll come back at quarter to, and Mr.
8 Aiken will start with his questions on panel 1 -- or
9 Exhibit 1.

10 --- Recess taken at 3:33 p.m.

11 --- On resuming at 3:50 p.m.

12 MS. HELT: Is everybody ready? All right, everyone,
13 we may as well get started.

14 It is now ten to four, so we will aim to go until five
15 o'clock, and whatever we don't finish today we will resume
16 tomorrow morning.

17 So I understand we are going to continue with
18 Exhibit 1, or Exhibit A as it's referred to in the
19 application. Mr. Aiken, you're on.

20 MR. AIKEN: Remember, I volunteered reluctantly.

21 **QUESTIONS BY MR. AIKEN:**

22 My first question is based on the response to Energy
23 Probe number 1, and specifically on the second page,
24 table 1 of that response, and I will just read my question
25 as that's being pulled up.

26 The majority of the decreases made in the capital
27 expenditure forecast are in the general plant category, and
28 those reductions are about 14 million in 2016, 12 million

1 in 2017, and 5 million per year in 2018 through 2020.

2 Can you please explain what expenditures were removed
3 in this general plant category?

4 MS. COLLIER: Too short to reach the mic -- so, yes,
5 some of that has been a reclassification from general plant
6 to system service, upon further review of the OEB
7 definitions of those categories -- data, as an example, in
8 our telecom plan.

9 The rest of it were either IT projects that were
10 scaled back, deferred; a general 10 percent kind of cut
11 across the board on all regular general maintenance
12 programs, life cycle type costs would be the bulk of it.

13 So overall, the grand total has gone down by
14 34 million.

15 So again, it's mainly a 10 percent cut across the
16 board of all general plant programs, and certain kind of IT
17 projects that were pushed.

18 **QUESTIONS BY MR. SHEPHERD:**

19 MR. SHEPHERD: Can I just ask a follow-up -- or
20 several?

21 Can you provide us with a table of the amounts and
22 explanations for each of the reallocations?

23 MS. COLLIER: We could.

24 MS. HELT: That will be undertaking JTC31.

25 **UNDERTAKING NO. JTC1.31: (A) WITH REFERENCE TO IR EP**
26 **NO. 1, TO PROVIDE A TABLE OF THE AMOUNTS AND**
27 **EXPLANATIONS FOR EACH OF THE REALLOCATIONS; (B), TO**
28 **ADVISE WHETHER THE AMOUNT IN THE FORECAST FIGURES FOR**

1 **THE FACILITIES IMPLEMENTATION IS IDENTICAL TO THE**
2 **AMOUNT IN THE PROPOSED NUMBERS IN TABLE 1 OF ENERGY**
3 **PROBE 1, AND SHOW THAT IT'S IDENTICAL TO THESE NUMBERS**
4 **IN ENERGY PROBE 5 OR NOT**

5 MR. SHEPHERD: And then the next part -- so that's the
6 only reason why system service is going up each year is
7 because of reallocations?

8 MS. COLLIER: Yes, I mean -- I believe so.

9 MR. SHEPHERD: Management didn't say you're not
10 spending enough on this, spend more? You wish, but they
11 didn't?

12 MR. BENNETT: No.

13 MR. SHEPHERD: Okay. Did the original forecast
14 amounts in the -- the forecast amounts are the amounts that
15 the departments ask for, right? That's the ask, in effect?

16 MS. COLLIER: After it had gone through, you know,
17 several layers, but yes.

18 MR. SHEPHERD: And the proposed is what's in the
19 application.

20 MS. COLLIER: That's correct.

21 MR. SHEPHERD: Did the original forecast amounts
22 include anything for the facilities? You have a
23 \$73 million facilities plan, right?

24 MS. COLLIER: It's actually 92 million.

25 MR. SHEPHERD: Well it's 73 for buildings and 92 for
26 land.

27 MS. COLLIER: That's right.

28 MR. SHEPHERD: So 92 in total, including land, right?

1 MS. COLLIER: That's right.

2 MR. SHEPHERD: So 73 for buildings.

3 MS. COLLIER: Yes.

4 MR. SHEPHERD: Is any of that included in the forecast
5 amounts?

6 MS. COLLIER: Yes.

7 MR. SHEPHERD: And now it's been taken out?

8 MS. COLLIER: It is to be treated as a Y factor. So
9 yes, it is included in the general plant categories in the
10 DSP. But from a revenue requirement, it's been excluded
11 because we're asking for a Y factor treatment.

12 MR. SHEPHERD: What I'm asking is that you have a
13 forecast in general plant of \$187.1 million over the five
14 years, and you'd reduced that to 145 in the application.
15 Does that 187 have any facilities dollars in it?

16 MS. COLLIER: Where are you getting the 187?

17 MR. SHEPHERD: 60 plus 60.5, et cetera.

18 MS. COLLIER: In the 16 and 17?

19 MR. SHEPHERD: No, 60 plus 60.5, plus 23, plus 23.9,
20 plus 19.7 is 187.1. And then if you look at the proposed
21 amounts for each year, they are 145 and the reduction is
22 42.1.

23 So my question is: The forecast amounts for the five
24 years, did they include any facilities dollars in them?

25 MS. COLLIER: I will refer you to EPC, Energy Probe
26 question 5 -- sorry, table 1.1. It provides you with the
27 capital expenditures with the facilities implementation
28 plan included in them, and then the capital expenditures

1 with them -- without.

2 MR. SHEPHERD: How does that help me? So the top line
3 is the proposed numbers here, right? And in table 1, from
4 Energy Probe number 1, the proposed numbers include the
5 facilities so they are not what's in your application.

6 MS. COLLIER: So if you look at -- the facilities
7 essentially are in both the forecast and the proposed.

8 MR. SHEPHERD: But they're not in the application.

9 MS. COLLIER: But they're not in the revenue
10 requirement.

11 MR. SHEPHERD: Well, so, the amount you're asking for,
12 right, doesn't include those facilities amounts. So that
13 145.4 in 2016 which you said was the application amount,
14 it's not.

15 MS. COLLIER: You're right, it is actually the 120.

16 MR. SHEPHERD: Okay. So go to Energy Probe number 5
17 then, and you have this line for facilities implementation
18 plan which only totals 65 million -- 66 million. So it's
19 not quite the same as the subsequent breakdown of the
20 facilities implementation plan in Energy Probe 15.

21 MS. COLLIER: Right, because that includes costs
22 already incurred, so this is just 16 and 20 --

23 MR. SHEPHERD: All right. Okay. So -- I see, okay,
24 Okay.

25 So is the amount in the forecast figures for the
26 facilities implementation identical to the amount in the
27 proposed numbers in table 1 of Energy Probe 1?

28 MS. COLLIER: I believe it is, but when we provide the

1 detail, I'll confirm that.

2 MR. SHEPHERD: When you provide the?

3 MS. COLLIER: The undertaking 31.

4 MR. SHEPHERD: Okay, you'll add that to that?

5 MS. COLLIER: Just the confirmation.

6 MR. SHEPHERD: Facilities to facilities, year by year
7 and show that it's identical to these numbers in Energy
8 Probe 5 or not?

9 Okay, thank you. Sorry about that.

10 MS. HELT: Just to be clear then, that will be part
11 (b) to JTC.31.

12 **CONTINUED QUESTIONS BY MR. AIKEN:**

13 MR. AIKEN: My next question is on the response to
14 Energy Probe 4. In that response, you indicate that the
15 half year rule for depreciation was used in the 2000 test
16 year filing, except in the case of discrete material assets
17 such as stations, and that you are continuing that approach
18 historically and in the forecast.

19 So my question is: Can you please provide a list of
20 the assets, their value and in-service month to which the
21 in-service month methodology applies for the 2016 and 2017
22 expenditures?

23 MS. COLLIER: For every discrete asset that not using
24 the half year rule?

25 MR. AIKEN: Yes.

26 MS. COLLIER: We can do that, yes.

27 MS. HELT: And that will be JTC.32.

28 **UNDERTAKING NO. JTC1.32: TO PROVIDE A LIST OF THE**

1 **ASSETS, THEIR VALUE AND IN-SERVICE MONTH TO WHICH THE**
2 **IN-SERVICE MONTH METHODOLOGY APPLIES FOR THE 2016 AND**
3 **2017 EXPENDITURES**

4 MR. AIKEN: My next question is on Energy Probe number
5 6, and I want to go through the table that is on the second
6 page, labelled table 13.

7 So a lot of the cell values or cell information says
8 "annual forecast." Am I correct that for each of these
9 that say "annual forecast", these numbers will be
10 determined as part of this proceeding, with no further
11 changes over the five-year period?

12 MS. COLLIER: That's correct.

13 MR. AIKEN: And then for PILS, are there any updates
14 for changed tax rates, or CCA rates, or tax credits?

15 MS. JONES: Can you repeat the question?

16 MR. AIKEN: Yes, for the PILs it says an annual
17 forecast, which means no adjustment, so I'm assuming that
18 there would be no adjustment if tax rates change, and that
19 includes CCA rates or tax credits. So if Mr. Mulcair gets
20 elected and, you know, the tax rates go up by 2 percentage
21 points or whatever, that's not going to be reflected as an
22 annual update at any point during the five years.

23 MS. JONES: I think we had indicated in response to
24 interrogatory OEB 2 that we would not come in for an
25 adjustment for tax changes.

26 MR. AIKEN: Okay.

27 **QUESTIONS BY MR. SHEPHERD:**

28 MR. SHEPHERD: Can I just follow up on that? You have

1 indicated, somewhere, I thought, that you might see that as
2 a Z factor and you would reserve your right to file as a
3 Z factor; isn't that right? Or am I --

4 MS. JONES: If it exceeds our materiality threshold,
5 but I would have to confirm that that applies to the tax --
6 a tax change --

7 MR. SHEPHERD: Well, that's what I'm asking.

8 MS. JONES: If you'd let me look at OEB 2, because we
9 did not put the right to come back on a Z for everything.

10 MR. SHEPHERD: Well, my understanding of your
11 application -- correct me if I'm wrong -- is that you
12 haven't included taxes as a Y factor, but you have included
13 the normal Z factor which applies to anything. You haven't
14 put any restrictions on your Z factor as far as I know; is
15 that right?

16 MS. JONES: Restrictions in terms of what it would be
17 applied to?

18 MR. SHEPHERD: Yes. The Board has a standard
19 Z factor --

20 MS. JONES: Yep.

21 MR. SHEPHERD: -- that applies in IRM situations.

22 MS. JONES: Mm-hmm.

23 MR. SHEPHERD: You are proposing that standard
24 Z factor, right, without --

25 MS. JONES: I think a Z factor is a mechanism that is
26 standard to not (sic) incentive regulation plan, which is
27 what we filed, so, yes, it is something that we may avail
28 ourselves to if we -- if the circumstances so require it.

1 MR. SHEPHERD: And you are not proposing any
2 limitations on your Z factor application specific to Hydro
3 Ottawa?

4 MS. JONES: I'm not sure I understand -- what
5 interrogatory would this be --

6 MR. SHEPHERD: You're asking for --

7 MS. JONES: -- are you looking for clarification from?

8 MR. SHEPHERD: -- the same Z factor that everybody
9 else has, right?

10 MS. JONES: We are applying the OEB policy, correct.

11 MR. SHEPHERD: Okay. Thanks. That's all I wanted to
12 know.

13 **CONTINUED QUESTIONS BY MR. AIKEN:**

14 MR. AIKEN: Okay. Back on Table 13, the inflation
15 factor, my understanding is that the -- well, that the
16 forecast for 2016, '17, and '18 will be fixed based on an
17 updated forecast of inflation later this year that you get
18 from Conference Board, I guess it is, and then the last two
19 years will be fixed in 2017 for the last two years, for '19
20 and '20.

21 MS. JONES: That is correct.

22 MR. AIKEN: And I think later on I ask you why are you
23 fixing it in 2017 and not in 2018.

24 MS. JONES: And I believe in response to that
25 interrogatory we've pointed out that our budgeting
26 processes require a lead time in order to be able to
27 incorporate the revised inflation factor into the numbers.

28 MR. AIKEN: Yes, and I think I'll follow up on that

1 later on.

2 The next question I had was on short-term debt and the
3 return on equity in that line -- in that Table 13. Again,
4 these are fixed for the first three years at rates that
5 will be set by the Board this fall, and the last two years
6 will be fixed at rates set by the Board in the fall of
7 2018; is that correct?

8 MR. GRUE: That's correct.

9 MR. AIKEN: And then for long-term debt, I have a
10 question. What do you mean by "deemed", because you split
11 up a long-term debt between embedded and deemed. What you
12 mean by deemed is forecasted debt that you will be issuing?
13 Because usually deemed debt is the difference between --
14 well, I don't know what you call it, but it's the
15 difference between your actual debt and the Board's deemed
16 56 percent. But I'm assuming that your definition of
17 deemed debt is debt that you have not yet issued yet but
18 are forecasting to issue.

19 MR. GRUE: So the two lines are -- the actual
20 obviously is their embedded actual debt that we've gone
21 externally in our organization to obtain. The deemed
22 aspect -- and maybe it's not been clearly stated here, but
23 really choosing the deemed interest rate based on our
24 methodology using the consensus forecast that's available.

25 MR. AIKEN: But -- okay. So what would that deemed
26 interest rate be applied to? It is obviously not applied
27 to the embedded debt.

28 MR. GRUE: It is applied to the forecast new

1 borrowings in that given year.

2 MR. AIKEN: Okay. So it is to the new borrowings, not
3 to the difference between your deemed debt and your actual
4 debt.

5 MR. GRUE: I'm not clear on that. I think when you're
6 saying "deemed" in the capital structure about --

7 MR. AIKEN: Yes.

8 MR. GRUE: -- 56 percent versus our actual.

9 MR. AIKEN: If your 56 percent works out to be
10 100 million and your actual debt works out to be
11 70 million, you are not proposing that to apply the Board's
12 deemed rate to that \$30 million differential?

13 MR. GRUE: The way we've presented it in Exhibit E,
14 which we might get to, was the deemed interest rate is
15 applied to any new borrowings where we don't have external
16 borrowings available to ourself to use that embedded rate,
17 so it is not using the difference between a 60 percent or
18 56 percent rate in our actual debt, whether it be 62 or 52
19 or whatever that rate might be, no.

20 MR. AIKEN: Okay. And I think you just -- you said
21 that it would be based on the methodology that you
22 described in Exhibit 5 for the 2016 through 2018 period.
23 Is that correct? But based on information from the Board's
24 letter this fall.

25 MR. GRUE: Yes, so --

26 MR. AIKEN: Yeah.

27 MR. GRUE: -- we proposed that we would update all the
28 costs of capital aspects this fall for ROE short-term debt

1 and long-term debt. Long-term debt is based on the
2 methodology that we put forth, and those same items would
3 be updated again in 2018 for the following two years.

4 MR. AIKEN: And when you do that update for the
5 following two years -- well, let me back up for a minute.
6 For the actual embedded long-term debt rate, for the first
7 three years I take it you are not going to update that. In
8 other words, you are not going to update, for example, 2018
9 embedded debt to reflect what you actually borrowed in 2016
10 and '17.

11 MR. GRUE: At this time we don't anticipate having any
12 embedded external financing in place, so it would all be
13 based on the deemed calculation.

14 MR. AIKEN: Sorry, can you run that by me again?

15 MR. GRUE: So the actual embedded debt is where the
16 holding company flows through any of external financing at
17 its rates that it's achieved. As a proxy in between, where
18 we don't have any external financing, we calculate it based
19 on the Board's 2009 report methodology, and that's what's
20 been proposed here as part of that deemed annual forecast
21 line and applied to the amounts that we need to borrow in
22 '16, '17, and '18. That number will be updated, I believe,
23 as we provided in the evidence, on the October consensus
24 long-term forecast.

25 MR. AIKEN: Yeah, but my question was, as an example,
26 in -- say you borrow money in 2016 or '17 and the rates and
27 the amounts might be different than what you'd forecast.
28 Are you proposing to update the long-term debt embedded

1 part for 2018, because that will have changed from what you
2 are forecasting now because of what you did in 2016 and
3 '17.

4 MR. GRUE: Yes, I guess it's definition. I don't see
5 that as being embedded debt, because it is not actual debt
6 that we have gone externally to the markets to achieve.

7 MR. AIKEN: It is not embedded now, but it would be
8 embedded then. I guess that's the problem I'm having is to
9 which way you are going. I just want to understand which -
10 - that you are not proposing to update the actual embedded
11 debt rate or cost through 2018.

12 MR. GRUE: Correct, so we view embedded debt as
13 external financing that we have achieved in the markets
14 versus internal borrowings that the holding company
15 provides to the distribution company.

16 MR. AIKEN: When you do the update in 2018 for 2019
17 and '20, would the embedded long-term debt then reflect
18 what you actually borrowed in 2016, '17, and '18 for going
19 forward for 2019 and '20 rates?

20 MR. GRUE: If we'd have done an external financing, it
21 would reflect that, yes.

22 MR. AIKEN: Yeah, okay. What about the capital
23 structure? Would it be fixed for the first three years,
24 assuming no change this fall. But it could be changed for
25 the last two years if the Board were to change the deemed
26 capital structure before the fall of 2018?

27 MR. GRUE: I think we've moved from (b) to (e) here,
28 but did I respond to that, I think, in EP39 where, if that

1 came up before our decision in 2015 and we were so directed
2 by the Board to use that, we would. Otherwise we are
3 saying that we are trying to lock in for efficiency
4 purposes and rate-making efficiency, that those rates would
5 not change until 2018.

6 If it happened in the period of 2016 to 2018, it would
7 be reflected in the 2018 update.

8 MR. AIKEN: Okay. And then finally on the Y factor
9 back in table 13, this is the Y factor for the new
10 facilities, would there be interest included on the
11 balances in this account, or would it simply be the
12 capitalized interest on CWIP that would be included in the
13 account?

14 MS. BARRIE: So what we would put in there would be
15 the capitalized -- it would be the regular interest that
16 you would see in a deferral account. So the OEB rate that
17 comes out quarterly would be adjusted for any balance that
18 was moved into the Y factor account.

19 MR. AIKEN: Wouldn't it be the proper accounting to
20 capitalize the interest, and then not have carrying costs
21 on that account?

22 MS. BARRIE: So typically -- for instance, with how
23 the smart meters went as -- actually, I'm not sure they
24 were in there long enough to get -- but you would
25 capitalize, yes, your interest. But once it moves to the
26 Y factor account, if we haven't -- I envision that the
27 amounts would move there prior to clearing them, so it
28 would gain interest on them at that point in time.

1 MR. AIKEN: So you are getting a return on capital,
2 even if it's a short term debt rate, on something that
3 hasn't been put in rate base yet?

4 MS. BARRIE: Not a return like that you would get on
5 capital. It would be -- so you wouldn't be getting off the
6 capital piece; you'd be getting off the depreciation piece
7 that you haven't collected yet.

8 MR. AIKEN: You don't have depreciation if it's
9 something since CWIP.

10 MS. BARRIE: No, but it's not going to move into a
11 Y factor until it's actually in-use or useful. So while
12 it's used or useful, it would be in CWIP and it would be
13 gaining interest on it.

14 Once it's moved into a deferral account, it would
15 actually be capitalized. So you would no longer be gaining
16 interest through work in process.

17 MR. AIKEN: So what's your proposal for the Y factor?
18 When the asset is placed in service, are you going to have
19 a rate rider starting in 2017 or 2018 or whenever it goes
20 into service?

21 MS. BARRIE: Right.

22 MR. AIKEN: You are then going to have a rate rider to
23 recover the revenue requirement of what's in that account?

24 MS. BARRIE: Correct.

25 MR. AIKEN: Why do you need interest on top of that?
26 You're collecting the revenue requirement impact, just like
27 it was if it would be in rate base. But you are also
28 asking for interest on top of that?

1 MS. BARRIE: Until you actually start clearing it,
2 however, you are not collecting it.

3 MR. AIKEN: But it's not in rate base until you start
4 to clear it. If it's not in rate base, why are you
5 collecting interest on it?

6 MS. BARRIE: Through the deferral account because it
7 is money that you intend to collect FROM the customer, but
8 you are not collecting yet, similar to the other --

9 MR. AIKEN: So as ratepayers, we'd be better off if
10 you just put it in rate base, because then we'd only be
11 paying for it once. Is that what I'm hearing?

12 MS. BARRIE: Depending on -- I'm trying to think of
13 the -- the whole point of the Y factor is for the timing,
14 so that's a reason why it's going for the Y factor. So I
15 guess, thinking about how the timing would work --

16 MR. AIKEN: Let's compare the two options then. Under
17 the Y factor, as I understand it, there is nothing in there
18 until the buildings are placed in service.

19 And at the same time, you start collecting the revenue
20 requirement impact of that through a rate rider, and also
21 you're collecting interest on the amount in that Y factor
22 account. That's one option.

23 The second option is that you treat it as standard
24 CWIP and put it into rate base. When it goes into rate
25 base, in which case you get the revenue requirement, but
26 you don't get any interest because it is already in rate
27 base and you are getting the revenue requirement.

28 MS. BARRIE: I'm not sure if we are talking about the

1 timing of the rate rider, in that the rate rider wouldn't
2 be immediate after the buildings are in use or useful.

3 There would have to be time to get a mechanism to get
4 those in place, and so interest would be during that
5 intervening time.

6 MR. AIKEN: If the building went into service, or one
7 of the buildings went into service in 2017, would you not
8 be collecting a rate rider on that until you came in for
9 your mid-term correction sometime in 2018?

10 MS. BARRIE: At this point in time, the buildings
11 aren't forecasted to be in, so the timing would work, yes,
12 to be doing it during the mid-term piece.

13 MR. AIKEN: When are your buildings forecasted to be
14 in service? I thought one was in 2017, and one was in
15 2018.

16 MS. COLLIER: Yes, that's correct, that was in the
17 application. There have been some recent delays, which is
18 behind the rational for requesting a Y factor. On a
19 generational type asset of this type, there is lots to
20 consider.

21 So, we're certainly several months behind the original
22 schedule that was in the application.

23 MS. BARRIE: But my point of not coming in until later
24 would be that even if they were in service, depending on
25 the timing, you might not be able -- it may logically make
26 sense to put them in through '19.

27 MR. AIKEN: So while you are waiting -- let's put it
28 this way. While you are waiting to get recovery through

1 the rate rider, you are proposing to include the short term
2 interest rate or the Board's deferral and variance account
3 interest rate on the balance in the Y account. But there
4 would no longer be any capitalized interest in the amount
5 in the Y factor?

6 MS. BARRIE: Right, but those capitalized amounts are
7 also not included in our interest calculations either.

8 MR. AIKEN: No, I just wanted to make sure that you
9 not capitalizing interest in this stub period from when
10 it's done to --

11 MS. BARRIE: No, I'm not.

12 MR. AIKEN: Okay, okay. My next question is on the
13 response to Energy Probe number 7, part (c), and you
14 touched on this before, a few minutes ago.

15 The question was: Why are you using the 2017 fall
16 forecast for inflation, rather than 2018 when we're
17 updating for the cost of capital parameters?

18 And you indicate that it's a year earlier because the
19 OM&A budgeting is not an exercise that can be done in a
20 condensed manner.

21 Can you explain to me what you mean by a condensed
22 manner?

23 MS. JONES: I think as I suggested earlier, the budget
24 -- I'll defer to Ms. Collier on this. But the budgeting
25 process is something that -- in a condensed manner, I
26 guess, would be defined as two or three months. We
27 typically take longer to run it through the process.

28 MR. AIKEN: But why should that -- why should your

1 cost affect your revenues and vice versa under a custom IR
2 where there is a de-linking of your costs and revenues? In
3 other words, your OM&A costs, whether they are adjusted by
4 2.1 percent or 1.5 percent --

5 MS. COLLIER: Yeah, I agree, I don't think that
6 sentence necessarily should be -- should be there in this
7 response. I think the original rationale behind why we
8 were suggesting two different inflation rates is -- and
9 this is subject to check -- but I believe the Conference
10 Board of Canada only forecast for three years, so when we
11 first put the application in, we could only have a rate
12 from the Conference Board of Canada for three years, so
13 that was the rationale why we would go back and then update
14 it with the information.

15 But you're absolutely correct. I mean, we can update
16 that data with the most recent information that's
17 available.

18 MR. AIKEN: Okay, okay, that's fine.

19 My next question is on the response to Energy Probe
20 11. And I have to admit I am totally confounded by this
21 answer, because you state in the answer to part (a) that
22 the efficiency adjustment mechanism is an onerous and
23 administratively burdensome monitoring and reporting
24 activities, the costs of which are borne by customers.

25 We obviously have different ideas of what this
26 efficiency adjustment is, but can you explain what the
27 onerous and -- what is onerous and burdensome?

28 MS. JONES: So perhaps, not having had the benefit of

1 being part of the Horizon proceeding, we reviewed what was
2 on pages 31 and 32 of the agreement, and based on a -- our
3 analysis, it appeared that this would be something that
4 would be time-consuming to undertake, and it's unclear at
5 this time what the benefit would be and if there would be a
6 benefit at all, but it would certainly take up resources to
7 produce.

8 MR. AIKEN: Would you take it, subject to your
9 understanding that deficiency adjustment in Horizon is
10 basically the difference between the PEG efficiency cohort
11 between your starting point and what you are in each year?

12 So, for example, if you've started in the middle
13 cohort within a stretch factor of .3, and if you fall in
14 2016, you fall to .45 or whatever the next worst cohort is,
15 it's that differential times the revenue requirement.
16 That's the extent of the calculation.

17 MS. JONES: So in the evidence that we have put
18 forward we have not proposed to use the PEG cohort as a
19 stretch.

20 MR. AIKEN: No, but my question is: What's onerous
21 (sic) and burdensome of taking the difference between two
22 numbers and multiplying it by a third? You don't have to
23 do the PEG calculations; they do that themselves.

24 MS. JONES: This is an annual exercise, if I'm not
25 mistaken?

26 MR. AIKEN: Yes.

27 MS. JONES: We'll undertake to have a review of this.

28 MR. AIKEN: I think maybe the confusion you are having

1 is you were looking at the asymmetric variance account,
2 which I agree is more complicated in its calculation, and
3 there is a great deal of examples, for example, in the
4 Horizon settlement agreement.

5 MS. JONES: Is this what you are referring to in B,
6 response to B?

7 MR. AIKEN: Yes.

8 MS. JONES: Correct?

9 MR. AIKEN: Yeah, okay. A and B are different items.

10 MS. JONES: No, I understand that.

11 MR. AIKEN: Yeah. Okay. That's fine.

12 MS. HELT: So then Mr. Aiken, just to be clear for the
13 record, there was an undertaking given, and it will be
14 given number JTC.33, and it is with respect to Energy Probe
15 number 11.

16 And can you just specify exactly what the numbers are
17 that you are looking for?

18 MR. AIKEN: Well, I'm not looking for numbers, I'm
19 looking for an explanation of what's hard about doing the
20 calculation.

21 MS. HELT: All right. Thank you.

22 **UNDERTAKING NO. JTC1.33: WITH RESPECT TO ENERGY PROBE**
23 **NUMBER 11, TO PROVIDE AN EXPLANATION OF WHAT'S HARD**
24 **ABOUT DOING THE CALCULATION.**

25 MR. AIKEN: My next and final question or set of
26 questions is on the response to Staff number 2. And I just
27 want to follow up on some of the responses that are shown
28 beginning on page 3 of 7 in that interrogatory.

1 In II you say that:

2 "Hydro Ottawa does not propose to adjust annually
3 for changes in working capital."

4 So can -- first of all, can you refresh my memory, how
5 have you forecast the cost of power for the five years?

6 MS. BARRIE: So we used the long-term energy plan. It
7 took a current forecast and --

8 MR. AIKEN: Yeah.

9 MS. BARRIE: Okay.

10 MR. AIKEN: So you are going to live with that, with
11 that forecast?

12 MS. BARRIE: Yes, we are.

13 MR. AIKEN: Okay. And with the volume forecast as
14 well.

15 MS. BARRIE: Yes.

16 MR. AIKEN: Yeah. And on the other side of the
17 working capital is the OM&A. Would there not be a working
18 capital change as a result of changes in the OM&A which in
19 turn would be based on the updated inflation factor for
20 2019 and '20, or is that too small to worry about?

21 So you would be living with the OM&A forecast for '19
22 and '20 in this proceeding for working capital purposes?

23 MS. BARRIE: Correct.

24 MR. AIKEN: Okay. Then (iv):

25 "Hydro Ottawa does not propose to adjust annually
26 for changes in third-party pass-through charges."

27 Can you explain to me what that means? In particular,
28 what adjustments do you make for third-party pass-through

1 costs, or what adjustment that you would not be making?

2 MS. JONES: So to the extent possible we were trying
3 to respond to costs that are distribution-specific costs
4 and not those that are necessarily out of our control, so
5 to the extent that these are third-party costs out of our
6 control, then we -- I think we've indicated elsewhere in
7 response to 2 that we would adjust.

8 MR. AIKEN: So something like changes in retail
9 transmission rates would be adjusted annually, or would
10 they not?

11 MS. BARRIE: We've requested to do those annually.

12 MR. AIKEN: Okay. So this third-party -- I'm trying
13 to think of what is a third-party pass-through cost on the
14 distribution side that is, you know, not RTSRs or low-
15 voltage or commodity costs.

16 MS. JONES: And precisely because we couldn't think of
17 any offhand, that were not -- that were distribution-
18 specific. However, to the extent that -- those that are
19 non-distribution, this is what we've said.

20 MS. BARRIE: Note that low-voltage you mentioned we
21 have not requested to adjust.

22 MR. AIKEN: Okay, I'm -- I was just confused trying to
23 find out what is a third-party pass-through for a
24 distribution-related cost, not commodity or transmission or
25 low-voltage or whatever.

26 MS. JONES: We probably could have responded to this
27 question with perhaps more detail in setting out the
28 difference between what we were interpreting to be

1 distribution versus non-distribution. We can certainly
2 take that back and put together a more fulsome answer if
3 that's helpful.

4 **QUESTIONS BY MR. GARNER:**

5 MR. GARNER: Can I just -- it's Mark Garner at VECC.
6 The only one I can think of that comes up sometimes that my
7 client worries about is the returned cheque and the bank
8 charge, and usually in the charge for that there's a flow-
9 through from the bank, and I take it -- I took it from that
10 -- I mean, that was the only one I could think of, and that
11 was going to be fixed, because the other ones, it seems to
12 me, are distribution, or what do you call it, transmission-
13 related type charges, pass-through.

14 MS. JONES: So I think for the record we would like to
15 clarify the difference between transmission -- or
16 distribution and non-distribution for the purpose of
17 responding to this question.

18 MS. HELT: All right then, so that will be Undertaking
19 JTC.34, and it relates to OEB Staff 4(iv).

20 **UNDERTAKING NO. JTC1.34: TO CLARIFY THE DIFFERENCE**
21 **BETWEEN DISTRIBUTION AND NON-DISTRIBUTION RELATING TO**
22 **OEB STAFF 4 (IV) .**

23 **CONTINUED QUESTIONS BY MR. AIKEN:**

24 MR. AIKEN: And then my final question on this has to
25 do with the Z factor, which I can't find in the response
26 right now, but basically you've listed a number of areas
27 where you've reserved its right, and Mr. Shepherd touched
28 on one of them, being the tax changes. But there is

1 changes to municipal plans, changes in OEB or government
2 policy, changes in directives from the Ministry or OEB,
3 changes in market rules or OEB codes that have a material
4 impact.

5 And my question is: What is a materiality threshold
6 that you are proposing for your Z factor, and does it
7 change as your revenues grow?

8 MS. JONES: I think we've indicated in the evidence it
9 is 880,000. At this time, we do not believe that it will
10 change through the course of the plan, the five-year plan.

11 MR. AIKEN: Through the course of?

12 MS. JONES: However, if it does, then we would be
13 using higher materiality.

14 MR. AIKEN: Okay, those are my questions on Exhibit
15 1A.

16 MS. HELT: Thank you, Mr. Aiken. We have half an hour
17 left. Mr. Garner, or Mr. Shepherd?

18 Questions by Mr. Garner:

19 MR. GARNER: I have two very probably quick --
20 probably quick, and can be done within the half hour, at
21 least on Exhibit A.

22 MS. HELT: Okay.

23 MR. GARNER: Okay. The first question -- I'm not --
24 it doesn't have an exhibit, but it is something that was
25 brought up earlier this afternoon and this was about the
26 negative productivity adjustments for OM&A.

27 I just wanted to make sure I understood clearly the
28 proposal, and how it's working and why.

1 As I understand it, what you are proposing to do is to
2 adjust your OM&A by inflation, and then this negative
3 productivity factor that you've derived from an average of
4 other studies, correct?

5 MS. JONES: That's correct.

6 MR. GARNER: So what that says in layman's terms, is
7 it not, that what you are expecting is a decrease in
8 utility productivity over the period of this plan. Is that
9 a correct characterization?

10 MS. JONES: We are expecting to apply a negative
11 factor in the calculation of OM&A costs. That does not
12 mean that we will not be seeking productivity and
13 efficiency measures.

14 MR. GARNER: Okay, that he would be somewhat
15 disconcerting, because as I understand you, what you'd be
16 saying therefore is that we're expecting productivity not
17 to be negative, but we want to increase our OM&A as if
18 were.

19 So, I mean, it seems to me that if you're asking for a
20 negative productivity, you're suggesting to the Board that
21 you need to compensate for a drop in productivity.

22 MS. JONES: What we're suggesting is that
23 distributors' costs may not be sustainably controlled with
24 efficiency measures. However, we will be doing everything
25 in our power.

26 MR. GARNER: Fair enough, I guess -- I'm not trying to
27 be difficult. What I'm trying to understand is that in the
28 application, is there a place where I can -- or we can see

1 what areas in the operating and maintenance of the utility
2 that you are expecting to see productivity fall?

3 Is there some place you've identified in your utility
4 you see that productivity is going to be decreasing over
5 the term of this plan, and for some reason?

6 MS. COLLIER: No, like those are two completely
7 independent things, in our mind.

8 The negative productivity factor in the I-minus-X
9 formulaic adjustment is really Hydro Ottawa saying that
10 inflation -- inflation does not cover OM&A cost. There is
11 lots of productivity built in the plan over the course of
12 the five years, but it's impossible to constrain that to
13 inflation.

14 MR. GARNER: But what you are asking ratepayers to pay
15 for is a drop in productivity?

16 MS. COLLIER: We are asking them for an increase in
17 total OM&A greater than inflation, and we're using the
18 evidence that Pamela has mentioned to support that
19 formulaic adjustment.

20 MR. GARNER: Okay, thanks. I don't want to get into
21 an argument.

22 The next question I have is related to VECC
23 Interrogatory No. 3, and we discussed this a little bit
24 earlier also. We were talking about the workbook and that,
25 but actually this is a question on that response on page
26 404 of that response.

27 It talks about the frequent frequencies of outages due
28 to defective equipment having increased 12 percent since

1 2010.

2 And as I recall, that 12 percent figure is also used
3 this that workbook in informing customers about the ageing
4 infrastructure.

5 MS. JONES: Sorry, could you restate the question?

6 MR. GARNER: I would if I'd done the question, yes. I
7 was just waiting for you to get there.

8 Here's my question -- my question directly is how that
9 12 percent was calculated. But before you answer that, one
10 of the reasons I'm asking this -- and you don't have to
11 bring them up -- but if you did, if you looked at SIA No. 7
12 and SIA No. 15, there are different calculations to the
13 defective equipment metric.

14 So I just want to understand how that 12 percent got
15 calculated. Maybe the way to start this is if you could
16 start with me -- would I be correct to say that there are
17 at least a couple of ways to do that? You can calculate
18 the defective equipment as a percentage of SAFI or a
19 percentage of SAIDI, and you could calculate it just as the
20 number of outages identified by that cause code, et cetera?

21 MR. BENNETT: The defective equipment specifically
22 refers to the CEA categorization of outages, so to speak.
23 And so it is through the analysis of our annual outage
24 reliability statistics that they come up with the 12
25 percent in comparing year over year.

26 Again, the defective equipment is a target for us for
27 our asset management plan. So as the defective equipment
28 failures go up, then we're trying to address that in being

1 more effective with our asset management plan.

2 MR. GARNER: I guess what my question really is -- and
3 maybe we'll need to turn it up. If you look at SIA
4 interrogatory -- a very long interrogatory, I think it's
5 number -- no, that's figure 17 -- it's No. 7. You will see
6 a table. It is actually identified as table SIA No. 17-7,
7 "Defective equipment". And although it is missing 2010, it
8 shows figures for defective equipment seemingly going in
9 the opposite direction, seemingly improving, not
10 increasing.

11 There is another table that shows -- I think it is in
12 the other one, and it seems to show -- in SIA No. 15, it
13 seems to show a similar event. And this is where my
14 confusion arises; it's that there seems to be a difference
15 in that table and the claim that it's been decreasing or --
16 sorry, getting worse by 12 percent.

17 MR. BENNETT: So the defective equipment getting worse
18 by 12 percent, you could have defective equipment
19 increasing, if you like, by 12 percent. But SAIDI and
20 SAFTI being more heavily influenced by weather, for
21 example, right?

22 So I can't compare specifically the contribution to
23 SAIFI of defective equipment relates to the 12 percent
24 increase in defective equipment.

25 MR. GARNER: Maybe the easiest thing is to do it by
26 way of undertaking, to derive that 12 percent for us and
27 show us how it was derived, so I can -- and again, if you
28 look at SIA 7 and 15, you will see figures in there that

1 seem to apparently go in a different than 12 percent worse,
2 and perhaps that will help understand where my question
3 comes from in deriving that 12 percent.

4 Could you undertake to do that?

5 MR. BENNETT: Sure, we can do that.

6 MS. HELT: That will be undertaking JTC.35.

7 **UNDERTAKING NO. JTC1.35: WITH REFERENCE TO SIA**
8 **NO. 15, "DEFECTIVE EQUIPMENT", TO SHOW THE CALCULATION**
9 **OF THE 12 PERCENT**

10 MR. GARNER: Earlier I asked you -- and we were
11 talking about page 14 of the Innovative study, and I'd
12 asked but the categories that were listed in that study,
13 about replacing ageing infrastructure, integrating
14 technology. That was on page 14 of the workbook, and there
15 were four categories there.

16 I'm wondering if you could -- and I think you'll have
17 to do this by way of undertaking, if you could take those
18 figures, which are 181 million for aging infrastructure,
19 149.5 million for IT technology, 144.9 for buildings, and
20 61.9 for serving city growth, and reconcile them with table
21 1, which -- in response to Energy Probe No. 1, because what
22 I'm having difficulty doing even on a gross basis of the
23 total capital, is putting together what you've told
24 customers is your capital and what you're actually
25 proposing for your capital when you went out and sought
26 their input. And I may be doing my math wrong, but I get a
27 bit of an order of magnitude difference.

28 And so you understand the concern where we're going

1 with this is: One of the things that we want to understand
2 clearly is how you are explaining to customers a capital
3 program is required for reliability and -- of the system
4 and what you are telling them, so one of the things is we
5 want to just make sure we understand what you told them for
6 a capital budget and what you actually are saying right now
7 for a capital budget and how those are congruent or not.

8 MR. BENNETT: So just to be clear, you would like to
9 reconcile these categories with the categories that are in
10 the table and hopefully the numbers?

11 MR. GARNER: Well, yeah, and hopefully I think as you
12 pointed out earlier they may not be totally matching, and
13 I'm not expecting you to try and totally match them, but if
14 there is a significant dollar difference, if you could
15 explain what, why, and what that's about.

16 And I was specifically looking at system renewal in
17 there and in the aging-asset one and trying to match those
18 two together, thinking they were the same category, but
19 they may not be, and you may be able to explain that that's
20 not how it was done. You may be able to explain how
21 actually you mapped those two types of tables together or
22 those two pieces of information together.

23 MS. COLLIER: Part of the difference, I think, between
24 the two -- the two pieces of information is the amount of
25 our capital program and the amount that gets capitalized,
26 so it excludes things that are construction in progress,
27 but we'll take the undertaking, and that --

28 MR. GARNER: Yes, that could be -- that might be the

1 order of magnitude difference that I'm seeing.

2 MS. HELT: And Mr. Garner, which -- it was Table 1 in
3 response to Energy Probe...

4 MR. GARNER: 1.

5 MS. HELT: 1? All right. So then the undertaking is
6 to reconcile the numbers in Table 1 of Energy Probe 1 with
7 the numbers in the table on page 14 of the Innovative
8 workbook and explain the differences in those numbers, and
9 there is a request to specifically look at both system
10 renewal and aging assets.

11 MR. GARNER: Yeah, those two --

12 MS. HELT: Does that sum it up?

13 MR. GARNER: That's right. And the only reason just
14 I'm using table 1 from Energy Probe 1 is, if course, you
15 have forecast and proposed, so I thought there might have
16 been a difference in timing when those two things were done
17 and that might be where the difference lies, so I'm not
18 quite certain.

19 MR. BENNETT: What was the number again?

20 MS. HELT: It was JTC36.

21 **UNDERTAKING NO. JTC1.36: TO RECONCILE THE NUMBERS IN**
22 **TABLE 1 OF ENERGY PROBE 1 WITH THE NUMBERS IN THE**
23 **TABLE ON PAGE 14 OF THE INNOVATIVE WORKBOOK AND**
24 **EXPLAIN THE DIFFERENCES IN THOSE NUMBERS, AND THERE IS**
25 **A REQUEST TO SPECIFICALLY LOOK AT BOTH SYSTEM RENEWAL**
26 **AND AGING ASSETS.**

27 MR. BENNETT: Have we set a record yet?

28 MS. HELT: We're getting close. It is a good thing we

1 end in 17 minutes for today.

2 MR. GARNER: Now, if I can just stay on Table 1 of
3 Energy Probe 1, where you have your forecast and proposed,
4 and I am looking at the system renewal line, and we were
5 talking about defective equipment as a metric.

6 When you did your adjustments, how do you come to an
7 understanding of whether cutting this budget or -- and I'm
8 using system renewal because I think it's the most a propos
9 for reliability, but you may tell me differently -- how do
10 you make the calculation that you will not be affecting
11 reliability by making the adjustment to the budget?

12 So this looks like on that line you went in, you had a
13 proposal, and you reduced it, but you clearly had some
14 comfort that you weren't going to reduce it enough to
15 affect reliability. How did you come to that? Or maybe --
16 did you come to that?

17 MR. BENNETT: As far as adjusting the budgets, the
18 challenge is always between cost and reliability and
19 looking at the opportunities for it, so most of the system
20 renewal, budget-saving, if you like, was looking at, like,
21 for example, pole replacements, things like that, so things
22 that we thought perhaps we could spread out and look for
23 alternatives, you know, so some of the things, for example,
24 cable replacement, do more cable injection as opposed to
25 actual replacement. Look for more opportunities for new,
26 less expensive options, potentially. But there is a
27 challenge for sure.

28 MR. GARNER: Okay, thank you.

1 Now, I want to -- just one final question, and it's on
2 the defective equipment metric that you monitor and track.

3 Would setting a target for -- and I think you actually
4 in the response to SIA at one point, you said you have done
5 this.

6 [Cell phone sounds]

7 In setting a target -- excuse me -- in setting a
8 target for defective -- well, let me -- sorry, let me start
9 over.

10 Is monitoring your defective equipment metric a good
11 way of understanding the effectiveness of your distribution
12 system plan?

13 MR. BENNETT: It's one way. I mean, we monitor
14 reliability on an ongoing basis. We have multiple reports
15 that we produce on an ongoing basis. In fact, our CEO and
16 our chairman meet monthly and review our report on
17 reliability and that sort of thing.

18 It's a lagging indicator, so to speak, so once the
19 things have failed, then you're looking for ways to improve
20 going forward, for sure, and typically it's not the same
21 assets that are failing.

22 So you start to address one set of assets in an aging
23 utility like ours, and then another set of assets starts to
24 give you issues. So I'll say, yes, in a sense it is, but
25 we use it more for ongoing analysis.

26 MR. GARNER: Okay, but as I understand it, in your
27 workbook when you try -- you explain to customers, you
28 explain to customers that this was a reason to invest in

1 the plant, was your defective equipment was going up.

2 So why wouldn't it be a good part of your plan to
3 build in a metric as to whether you are maintaining or
4 improving defective equipment outages, if you've explained
5 to customers that this is a reason to take these large
6 investments in for the utility?

7 MR. BENNETT: I'm not going to say it's not a good
8 thing to do. As I say, from our point of view we do it
9 internally, we use it on an ongoing basis internally, and
10 defective equipment, again, for utility of our age, is an
11 ongoing challenge and will be an ongoing challenge for some
12 time, but...

13 MR. GARNER: Okay. I'll end it -- I think that -- on
14 that -- I'll end where we both agree, so...

15 MS. HELT: Thank you, Mr. Garner.

16 Mr. Shepherd, would you like to start with your
17 questions?

18 **QUESTIONS BY MR. SHEPHERD:**

19 MR. SHEPHERD: I can start. I have a lot of questions
20 on -- sorry, I can start. I have a lot of questions on
21 Exhibit A, so we're not going to finish in ten minutes, I'm
22 guessing.

23 Let's start with SEC 1. We attached two tables to
24 this question, and when you replicated the question you
25 didn't include the tables. Why not?

26 MS. JONES: Pardon me? Sorry, can you repeat the
27 question?

28 MR. SHEPHERD: Is your mic on?

1 MS. JONES: Apparently not.

2 MR. SHEPHERD: We attached two tables to question 1.
3 When you replicated the question in providing the answer
4 you didn't include the tables; why not?

5 MS. JONES: I think, as you'll see, the response to
6 this question was supplied by our external consultant, and
7 in the answer they indicate that they don't see the
8 comparators that were provided in the table as being
9 appropriate comparators for Hydro Ottawa.

10 MR. SHEPHERD: So when you respond to interrogatories
11 you think it's appropriate to exclude parts of
12 interrogatories you don't agree with?

13 MS. JONES: We have provided a response based on what
14 we thought we were being asked.

15 MR. SHEPHERD: That's not responsive to my question.
16 My question was: Why did you not include the whole
17 question in the answer?

18 MS. JONES: So I'll read you what we've said in the
19 answer --

20 MR. SHEPHERD: Yeah, no, I can read it. I asked a
21 question --

22 MS. JONES: It says the answer --

23 MR. SHEPHERD: -- and I want an answer.

24 MS. JONES: -- depends on the objective and use of the
25 comparison.

26 MR. SHEPHERD: Sorry?

27 MS. JONES: So the answer that we had provided --

28 MR. SHEPHERD: Yes.

1 MS. JONES: -- says the answer to your question
2 depends on the use and objective of the comparison.

3 MR. SHEPHERD: How is that relevant to my question?
4 My question was: You didn't include the whole question.
5 Why not?

6 MS. JONES: Because we haven't provided a comparison
7 with Ontario utilities; we're not putting that in evidence.

8 MR. SHEPHERD: We did; it was in our question.

9 MS. JONES: Mm-hmm.

10 MR. SHEPHERD: How was it appropriate for you to only
11 provide part of your question when you provide your answer?
12 I don't understand.

13 MS. JONES: So, you would like -- in every answer to
14 interrogatory, Mr. Shepherd, the answer is provided based
15 on the information that we are providing in response.

16 MR. SHEPHERD: You are deliberately avoiding the
17 question.

18 MS. JONES: I'm not.

19 MR. SHEPHERD: The question is very simple.

20 MS. JONES: Mm-hmm.

21 MR. SHEPHERD: When you respond to an interrogatory,
22 you first copy the question and then you provide your
23 response. You don't copy part of the question; you copy
24 all of the question.

25 I'm wondering why didn't you copy all of the question
26 in this case. What part of the comparison is so
27 embarrassing you couldn't put it in your answer?

28 MS. JONES: Sorry, maybe just take me back to what you

1 mean by "copy the question"?

2 MR. SHEPHERD: Every one of your --

3 MS. JONES: Oh, you want to see.

4 MR. SHEPHERD: Every one of your answers has the full
5 question and then your answer. This one does not. Why
6 not?

7 MS. JONES: So you are looking for us to attach your
8 tables to our answer; is that what you are saying?

9 MR. SHEPHERD: Look, I'm asking questions. You keep
10 asking questions back. Please just give me an answer to my
11 straightforward, simple question.

12 MS. JONES: I'm trying to gain clarification on what
13 you're looking for. We could attach the tables, but our
14 answer clearly states that we would not be populating it.
15 Is that what you're --

16 MR. SHEPHERD: We didn't ask you to populate it; we
17 populated it. We asked you whether the data was correct.

18 MS. JONES: And the answer that we gave you said it
19 depends on the use and objective of the comparison.

20 MR. SHEPHERD: I'm still on this interrogatory
21 response. Why was your response supplied by PSE?

22 MS. JONES: Because PSE is the expert that we have
23 engaged for the purposes of providing our benchmarking
24 expertise.

25 MR. SHEPHERD: Yes, but we asked a question about what
26 distributors you feel are not appropriate comparators. Do
27 you not have an opinion on what distributors are
28 appropriate comparators for Hydro Ottawa?

1 MS. JONES: By answering that question, we would be
2 putting forward answer -- we would be putting forward names
3 of utilities which we think are perfect comparators, and we
4 don't agree that there are perfect comparators.

5 MR. SHEPHERD: So there are no comparators to Hydro
6 Ottawa in Ontario?

7 MS. JONES: We feel that Hydro Ottawa is unique in its
8 circumstances, yes, we do.

9 MR. SHEPHERD: All right. So you would not be -- it
10 would not be appropriate for anyone to compare Hydro Ottawa
11 to Toronto Hydro? It's just a yes or no.

12 MS. JONES: Mr. Shepherd, the comparative benchmarking
13 data that we've put forward is the benchmarking information
14 filed by PSE.

15 MR. SHEPHERD: I'm entitled to an answer to the
16 question. Would it be appropriate for the Board or parties
17 to compare Hydro Ontario to Toronto Hydro?

18 MS. JONES: I don't believe it would. We have a much
19 large much larger rural territory. Toronto Hydro doesn't.

20 MR. SHEPHERD: Would it be appropriate to compare
21 Hydro Ottawa to Powerstream?

22 MS. JONES: Is your objective to go down the list of
23 the 70-odd Ontario utilities and ask us which ones we agree
24 we compare to?

25 MR. SHEPHERD: You are not allowed to ask the
26 questions; I'm allowed to ask the questions. You just
27 answer them. I asked a straightforward question. I
28 don't --

1 MS. JONES: You are asking me whether or not we
2 believe ourselves to be comparable to Powerstream? Again,
3 I think that if we were to put together a comprehensive
4 study of all the differences between all the different
5 utilities, there would be significant differences.

6 I think we've put forward in our application that we
7 do see ourselves as being unique.

8 MR. SHEPHERD: Okay, but you do feel that you're
9 comparable to the utilities listed in Mr. Fenrick's report?

10 MS. JONES: That is the evidence that's being put
11 forward as benchmarking, yes, for benchmarking purposes.

12 MR. SHEPHERD: So, yes, you are comparable to those
13 utilities?

14 MS. JONES: There might be some differences, but that
15 the data set that he's put forward for benchmarking
16 purposes.

17 MR. SHEPHERD: I'm not asking about Mr. Fenrick's
18 opinion; I'm asking about Hydro Ottawa's opinion.

19 MS. JONES: And what I am telling you is that Hydro
20 Ottawa has engaged the services of PSE for the purposes of
21 putting together benchmarking information.

22 MR. SHEPHERD: So you don't have a separate opinion?

23 MS. JONES: About?

24 MR. SHEPHERD: About who you are comparable to.

25 MS. JONES: Again, like I've said, we see ourselves
26 being a unique large utility with a large rural area. We
27 serve sensitive customers and are serving a G7 -- the
28 nation's capital. We are unique in many ways. I think

1 we've made that clear in our presentation on presentation
2 day.

3 MR. SHEPHERD: So then that would hold true for all of
4 the utilities in Mr. Fenrick's list, too, right? The same
5 principle applies. None of those utilities are similar in
6 those ways to Hydro Ottawa, are they?

7 MS. JONES: I don't presume to know all the details of
8 each and every one of the utilities that Mr. Fenrick has
9 benchmarked against, no, I do not.

10 MR. SHEPHERD: Would you undertake to provide us with
11 a list of all utilities that you believe are appropriately
12 comparable to Hydro Ottawa, using the same basis that
13 you've used for Ontario utilities, i.e. nobody is
14 comparable? So, go through the list --

15 MS. JONES: Just for clarification, of the US
16 comparators?

17 MR. SHEPHERD: Let me finish. Go through Mr.
18 Fenrick's list and identify which of those utilities are
19 comparable to Hydro Ottawa, more comparable than any of the
20 Ontario utilities on a utility-by-utility basis.

21 MS. JONES: I think I would reiterate that the utility
22 set that was used for benchmarking purposes was a set
23 selected by PSE, based on their expert knowledge of the
24 utility sector and econometric benchmarking.

25 MR. SHEPHERD: I asked for an undertaking.

26 MS. JONES: Could you repeat exactly what you asked me
27 to do?

28 MR. SHEPHERD: The undertaking is -- you've said that

1 none of the utilities on the list that we have provided are
2 comparable to Hydro Ottawa.

3 Using the same criteria, please go through the list
4 that Mr. Fenrick has provided applying those criteria, and
5 determine which of those utilities you believe are
6 comparable to Hydro Ottawa, if any. Sauce for the goose.

7 MS. JONES: Pardon me?

8 MR. SHEPHERD: Sauce for the goose. You want to apply
9 it one way. I'm asking you to apply the same criteria to
10 his list.

11 MS. JONES: Keeping in mind that the evidence that we
12 are pointing to is the PSE evidence. But we will undertake
13 to do that for you.

14 MR. SHEPHERD: Thank you.

15 MS. HELT: All right, we'll note that as undertaking
16 JTC37.

17 **UNDERTAKING NO. JTC1.37: TO GO THROUGH THE LIST THAT**
18 **MR. FENRICK HAS PROVIDED APPLYING THOSE CRITERIA AND**
19 **DETERMINE WHICH OF THOSE UTILITIES ARE COMPARABLE TO**
20 **HYDRO OTTAWA**

21 MS. HELT: Mr. Shepherd, I'm going to stop you
22 there --

23 MR. SHEPHERD: Let me ask one more question.

24 MS. HELT: Is it a short one?

25 MR. SHEPHERD: It's short.

26 MS. HELT: All right. Go ahead then.

27 MR. SHEPHERD: You were asked in (iii) of this
28 question to -- the question is: Please explain in detail

1 the applicant's strategy for improving on this performance,
2 that is the PEG measured performance.

3 MS. JONES: Sorry, I don't see the reference.

4 Are you talking about on page 5?

5 MR. SHEPHERD: (E)(iii), which is on the first page in
6 the question, "Please explain in detail the applicant's
7 strategy for improving on this performance", and that
8 performance is the efficiency performance measured by PEG.

9 And your answer on page 5 -- my simple question is:
10 Why is PSE answering that when we're asking for Hydro
11 Ottawa's strategy?

12 MS. JONES: Because it presumes that the efficiency
13 assessment being used is the one supplied by the OEB, and
14 the answer is that the appropriate efficiency finding is
15 one supplied by PSE.

16 MR. SHEPHERD: So is the appropriate conclusion to
17 draw from this then that Hydro Ottawa has no strategy to
18 improve its PEG-measured performance, the Board efficiency
19 level, over 2016 to 2020? I'm going to invite you to
20 undertake to give me a Hydro Ottawa answer to that sub-
21 question: What's your strategy for improving your Board
22 efficiency level in 2016 to 2020?

23 MS. JONES: And I guess I would preface that by saying
24 that I think it's been established in other proceedings
25 that the cost to do so might very well outweigh any
26 benefits that customers would otherwise expect to see, but
27 I will undertake to have a look at that.

28 MR. SHEPHERD: Great.

1 MS. HELT: All right. So Undertaking JTC.38 is to
2 provide the strategy for improving the efficiency level for
3 the years 2016 to 2020 for Hydro Ottawa.

4 MR. SHEPHERD: Based on the Board's measurement.

5 MS. HELT: Based on the Board's measurement, correct,
6 and this is in relation to SEC 1(b)(iii).

7 MR. SHEPHERD: Thank you.

8 **UNDERTAKING NO. JTC1.38: IN RELATION TO SEC 1(B)(III),**
9 **TO PROVIDE THE STRATEGY FOR IMPROVING THE EFFICIENCY**
10 **LEVEL FOR THE YEARS 2016 TO 2020 FOR HYDRO OTTAWA,**
11 **BASED ON THE BOARD'S MEASUREMENT.**

12 MS. HELT: All right --

13 MR. SHEPHERD: Is that 38?

14 MS. HELT: That is JTC38, yes.

15 **PROCEDURAL MATTERS:**

16 If I can ask, just for the purpose of preparing for
17 tomorrow, we'll continue with Mr. Shepherd. Do you know
18 how long you will be with --

19 MR. SHEPHERD: On A, I'll be at least two hours.

20 MS. HELT: Two hours. I want to make sure we're
21 finished tomorrow. So then we have no questions from
22 Staff. We then have panels 2, 4, 5, and 6, and 9.

23 So overall, Mr. Shepherd, do you have any idea of how
24 long you'll be with all of those panels?

25 MR. SHEPHERD: The thing is that A includes a whole
26 bunch of stuff on the other areas.

27 MS. HELT: Right.

28 MR. SHEPHERD: I would say my total is probably three

1 to three-and-a-half hours.

2 MS. HELT: Thank you. Mr. Aiken?

3 MR. AIKEN: Probably an hour, hour and a half.

4 MS. HELT: Okay. So maximum we're at five. Mr.
5 Garner?

6 MR. GARNER: I don't think I'd be an hour. So less
7 than an hour.

8 MS. HELT: Okay. Let's say five and a half.

9 MS. GREEY: I'm finished.

10 MS. HELT: You're finished? And Mr. Clark? Okay. So
11 probably about six hours for tomorrow, so then if we start
12 promptly at 9:30 we should have no problems finishing
13 during the day.

14 All right, so then does anyone else have any other
15 follow-up questions from today? No. All right. So we'll
16 start tomorrow morning 9:30 promptly. Thank you.

17 We are in the north hearing room tomorrow. I don't
18 know why, but we are.

19 --- Whereupon the hearing adjourned at 5:03 p.m.

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