THE SASKATCHEWAN RATE REVIEW PANEL

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Transcript of Proceedings

of

A PUBLIC MEETING

held by the

Saskatchewan Rate Review Panel

at the Holiday Inn

at

Saskatoon, Saskatchewan

on Wednesday, November 27, 2013

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Panel Members:

Kathy Weber	- Chairperson
Bill Barzeele	- Vice Chairperson
Burl Adams	- Member
Daryl Hasein	- Member
Lisa MacDonald, CSR	- Official Queen's Bench Court Reporter

(COMMENCED AT 7:35 P.M.)

CHAIRPERSON: Welcome everyone. As I know you're all aware, the purpose of tonight's meeting is to review the SaskPower application and to hear presentations from SaskPower in that regard, and we appreciate your participation in the review process.

There are four members from the Saskatchewan Rate Review Panel that are with us this evening, Daryl Hasein from Biggar, Burl Adams from Kelvington there at the back table looking after registration, Bill Barzeele is vice-chair from Little Bear Lake, and my name is Kathy Weber, and I'm the Chair, and I live here in Saskatoon.

I don't think this is new for most of you as well that I do know that it's important to emphasize that our mandate is to review this application and provide a report to the government, and we take into account the interests of the corporation, the public, and, of course, the customers of the power corporation.

During the review process, we hire external specialists in the area to assist us, and these consultants are from out of province; they're both from Winnipeg. Forkast Consulting and Kostelnyk Consulting will be working with the panel on this review.

I would also like to introduce Lisa Macdonald from Royal Reporting, and she will be taking a verbatim transcript of tonight's meeting, and it will be posted on our website.

This is just one aspect of our public consultation process, and in addition to the normal methods we've used in the past of e-mail, telephone, mail, we've recently added Facebook and Twitter as a means of communicating with the public during the review process.

During the review we post materials on our website. Currently I think if you go there you'll find the application from SaskPower has been posted as well as interrogatories from our consultant. The first round has been posted as well. Additional information will be posted during the review as it becomes available including comments and commentary that we receive from the public during this review.

The process that we'll follow tonight will be similar to what we have done in the past as well. We will have first a presentation from SaskPower, and then we will call upon any organizations that have indicated they would like to make a presentation, and that will be followed with the opportunity for anyone to ask any questions.

If you're making a presentation or asking a question, we would just ask that you use the mic at the front at the podium in order that we can make sure that our court reporter can hear your comments and record them properly.

So it's now my pleasure to introduce the president of SaskPower, who will begin the presentation, Robert Watson.

MR. WATSON: Thank you very much, Madam Chairman.

I, first of all, would like to introduce the SaskPower members on the committee up here, Troy King, who will be doing the presentation, Sandeep Kalra, who is the CFO, and Peter Lawn, who is our rates expert, as you probably know, being in other rate applications.

We're very happy; in fact, SaskPower embraces going around the province and talking to people. We feel it's open and transparent. I hope you've seen that in the last three or four years that we've been that way. Please challenge us on everything. We welcome that because we think we're getting it right. We think we've got a long ways to go yet, but we think we're getting it right.

And I can tell you that you're going to see significant communications in the next little while, several years, particularly on safety. We're quite concerned about public safety with the grid and the relationship with it, in other words, mostly farmers or contractors who still touch power lines and then get out of their vehicles to try and see what's going wrong. So we're very concerned about that, so you'll see a -- you'll see an initiative on that, and we think that that's very important for us to do it. And the obvious place to get our message out would be through the Roughriders, so you'll see that more often. It will be reasonable on terms, but I just wanted to give you the heads up for that.

So without further adieu, I'll have the guys get into their presentation, and then we can answer questions later on. Thank you.

MR. KALRA: Sure, Robert, I'll get you started, and then Troy will take it on from there.

So the first slide shows the rate application. You're aware we're asking for 5 and a half, 5.5, for the next three years, and this is -- this has been an exercise in balancing the needs of SaskPower to get some return. It's not the adequate return, it's not the 8.5 that we've been asking for and been aiming for, but it's the near-break-even return for the next three years to balance the impact on the customers, so this rate return is going to take -- takes that into account. This would have an impact on our rate, this would have an impact on our debt ratio, which would be outside the acceptable threshold of 60 to 75 percent, so we are kind of stretching to be able to ask for this rate increase of 5 and a half, 5.5.

This is a three-year rate application. We're doing it for the first time, I think, in a long time. This provides certainty to the customers, the big industrial customers, as well as the households. They know what's coming there, and they can budget accordingly.

The impact on the customers, on urban residential customers, will be $5 a month from 1st of January for -- another $4 from 2015 and another $4 from 2016, and average farm customers would pay $7, $10 and $9 more per month as a result of this rate application.

This rate application also has one new thing. We are asking for an interim increase before the rate -- the Rate Review Panel has gone through their deliberations, which is expected to be done in March, April timeframe. We've asked for that rate increase because without that, you know, we would be in red ink next year, so it's quite important for us that we get this rate increase from the beginning of the year. As the rate panel goes through their deliberation, then, if the answer is different, we will adjust, you know, either through a refund or through some other mechanism of the rates being charged to the customer.

This is a busy slide. If you have a copy of the presentation, it was provided at the back, you'll be able to kind of see it more clearly. This shows a few things, one is that different customer classes would see a different impact on their bottom line. So, for example, urban residential customers would be impacted 5.3 percent, 4.5 percent and 4.5 percent, farms would be lower at 3.5 percent, 4.5 and 4 percent, but industrial, this will be a 7 percent, 5.8, 5.8 percent. This is due to rebalancing of the rates.

Rebalancing means the customers -- we charge the customers what it costs us to provide the service to that customer class, and we try and keep the revenue-to-revenue-required ratio between 98 and 102, the industry side is 95 to 105, so we try to, you know, do -- have an even tighter range than what the industry standard is. So, as I mentioned, due to rebalancing, different customer classes will experience different rate impacts.

This is a comparison of our rates, residential rates. If you look at the first light-blue bars at the left, those are hydro-based provinces, B.C., Manitoba, Quebec. Their rates tend to be lower because of the benefit from legacy hydro and also the benefit from exports to the massive US market, and they're able to subsidize their domestic customer.

The rest of the provinces don't have that luxury, so if you look at the rates, Regina shows up in yellow, that's the average rate for a residential customer per month. It compares favourably with the other thermal utilities in Canada, so it's somewhere in the middle, it's not the lowest, it's not the highest, but it's in the middle. And that's despite the fact that we have a very challenging territory. We have 150,000 kilometers of distribution system serving half a million customers.

Next one. This slide shows our rate comparison. The last one was just the residential customers. This is all customer classes. So residential customers, our rates are 13.8 cents compared to 14.1 average for the thermal utilities, so in this case I'm excluding the three hydro provinces, but it's -- everyone else is included in here. Small commercials, we are more competitive, 14 cents versus 15.6, and you will see we are very, very competitive when it comes to large industrial customers, our rates are 6 cents versus 10.3 percent.

Despite these rate increases, we believe that we will remain competitive. You may have seen that the other jurisdictions are asking for similar, in some cases higher rate increases, so we believe that despite these rate increases we would be -- we will maintain our competitiveness as compared to the other utilities.

This slide elaborates on

what I've already talked about. We have a very small number of customers that is being served by a huge system in terms of in the distribution lines, in terms of transmission lines, and the area is comparable to Ontario. So our line per customer for SaskPower is 300 meters. When you compare it with some of the other compact utilities, it's 11 meters, 15 meters, 30 meters. So we are able to offer competitive rates to the customers despite this challenge of investing in this huge system and as well as maintaining this huge system.

So that -- those were some of the opening remarks, and now I would have Troy King to take you through the rest of the presentation which talks about the rate increase drivers and, you know, some financials as well.

MR. KING: All right. Thanks, Sandeep.

So, as Sandeep mentioned, the first thing I want to talk about is what's driving our rate increase over the next three years, and there's really two things that are driving it, one is our capital investment, and two is our fuel and purchase power costs. So on the capital side, the way our capital charges make it to our income statement and then flow through to our rates is through our finance charges, through our depreciation, through capital tax and through other costs or other expenses, which is generally write-offs that we have when we're retiring our older assets.

So over 2013 SaskPower was forecasting to add nearly $2.1 billion in capital to its balance sheet, so that includes 1.35 billion that we're investing on our own, our own assets, plus $700 million through the North Battleford Energy Centre, which is a natural gas facility, 261-megawatt facility, near Battleford. So the cost of these investments plus the billion dollars in investments over the next two years is the number one driver of our rate increase over the next three years.

The second major driver is fuel and purchase power costs. They're rising for a couple of reasons. First, on the price side, we're forecasting gas prices to rise a little bit over the next three years. We're also seeing an increase in our coal prices, which we haven't seen in a while because we've had long-term contracts, but they're up for negotiation, and we're seeing an increase in those costs as well.

The other thing that's driving the fuel cost is the mix. So as we move to -- we have greater growth, we end up moving away from hydro and coal. It doesn't supply as great a percentage of our generation. All that new generation is supplied with alternative fuels and mainly natural gas, which is more expensive on the margin.

So if we just take a look at the three-year rate increase, and what we've broken this down by -- the green is showing the capital-related expenses, what it's responsible for, the blue is showing the fuel and purchase power, and then the light blue is showing our O, M and A costs.

So starting in 2014 you can see 4 percent of the -- of the 5.5 percent rate increase, or roughly 72 percent of the total rate increase, is driven by that capital spending that I referred to earlier. In 2015 and 2016 it drops a little bit as our capital spending falls from 2.1 million down to a million in subsequent years.

On the gas side -- or on the fuel side, you can see it's about .9 of the 5.5 percent increase in 2014. Then it increases gradually to about half of the rate increase in the following two years. Again, that's as our demand grows, and we start using more and more natural gas, it becomes a bigger factor in the rate application.

And finally, our O, M and A costs are responsible for about .6 percent in 2014 and .7 percent in both '15 and '16.

So why do we need to make these -- this record investment in our capital? The main thing that's driving it is demand. We're seeing electricity growth growing by about 2.6 percent per year for the next decade, and that compares to about 1.4 percent from 2000 to 2010. This year alone we've seen over 6 percent growth in demand, in 2013. Over the two-year period we're forecasting to have 8 percent growth.

In 2012 we connected over 10,000 customers, which is up 14 percent from '11, and 144 percent from 2008. We're seeing similar numbers in 2013. We spent 226 million last year to connect those customers to the system, and just this year on January 1st, we saw a record-high demand of 3,379 megawatts.

This graph here is giving you an idea of what's happening with our demand and with our generation capacity. So the red line is showing our generation capacity. The blue line is a forecast of our demand over the next 20 years. So you can see right now for the next three years with additions, the generation we're adding -- we stay above the blue line. However, at right around 2017, '18, we can see them crossing, and demand is going to be higher than our capacity.

What we've also shown -- and you notice the capacity is falling over that period. What that represents is plants that are going to come to the end of their useful life, and then we have to make a decision to either invest in that plant and renew it, or we're going to have to build something else. So the rate increases in the capital is not just for growth, but it's also to replenish our existing infrastructure.

So on the generation side, some of the major projects from 2014 to 2016, we're adding 205 megawatts of natural gas generation at the Queen Elizabeth Power Station in Saskatoon by 2015, we've entered into an agreement with Algonquin Power to add 177 megawatts of wind generation by 2016, and currently SaskPower is in negotiations with the Black Lake First Nation to build up to 50 megawatts of hydropower at Elizabeth Falls in northern Saskatchewan, and if that agreement comes together, that would be online by 2018.

Also during this time we're seeing the retirement of two of our existing facilities, BD1 and BD2 in '13 and '15, and they're about 61, 62 megawatts of generation each.

This slide here is a -- it's a busy slide as well, but what it's showing is the health of our transmission system. The stars and the circles and triangles within there are showing increased investment required as a result of customer connects or system development that we're going to need to do over the next five years.

You probably can't see it on the slide here, but there's lines on there as well showing the health of our lines from -- good ones are green. Fair in yellow means we have to invest in them, but we can maintain them, and red ones mean they're weak and that we're going to have to replace those lines.

So what our planning folks have done is they've just created our hot spots within the province. This is where our capital is going to be focussed over the next five years to address these hot spots where we have -- we foresee significant weakness in our transmission system.

So some of the things that we're doing over the next three to five years, the I1K line is under construction, and that's to improve capacity and reliability in northern Saskatchewan. Within the Saskatoon area, we have what we're calling -- it's a number of capital projects. We call it the Saskatoon area reinforcement. There's three transmission lines, two switching stations and one substation being built in the area.

Just to maintain our existing infrastructure, we have sustainment projects. You know, they're almost maintenance in nature, but they're ongoing capital projects that we have to do to maintain the life of the transmission system, so that includes wood-pole and transformer replacements, rural rebuilds, line upgrades and improvements. And finally, we have an ongoing wood-pole maintenance program to test and treat about 110,000 poles each year, and that's -- the intent of that is to extend the life of those poles before they need to be torn down and replaced.

On the customer service side, we're doing a number of project as well, and probably the most visible one you're going to see in the next couple of years is our advanced metering infrastructure project, and that's going to see the installation of 500,000 smart meters to all of our customers across the province. We can streamline some of our processes to connect new customers to the system, to gain efficiencies and improve customer service. We've just introduced an automated work schedule and dispatch system. The intent of that is to improve the efficiency of our transmission folks and reduce overtime costs. And finally we're working with subdivisions to do joint key term projects and working with other utilities to do single-line trenching to, again, gain efficiencies and improve service to our customers.

So what is SaskPower doing to try and minimize its rate increase? Probably our key program is our business renewal program. About three years ago, in 2012, 2011, SaskPower brought in three consultants, KPMG, Deloitte and UMS, and they were tasked with looking at all areas of the company, all our operations and making recommendations on how we can improve our operations. So we got their list of recommendations, added them to the initiatives that we already had in place, and this became the business renewal program.

To date -- or at the end of 2012 we realized $137 million of savings as a result of these recommendations. The way we're implementing them is we're not doing everything at once, but it's sort of in pieces, and we're building, so we've added some initiatives now. We're planning to add more in the future. Again, the intent of this is -- or the result is that we're going to be able to reduce our rate increases, but not completely eliminate them, because of that capital investments I talked about earlier.

This slide here just talks to some of the examples of the business renewal savings. The customer connect process I talked about before has resulted in about $36 million in savings and is providing more timely service to our customers. We've changed our finance charges. We're going with more short-term borrowings and taking advantage of the spread between that and the long-term borrowings. That's $63 million in savings to date. Our IT technology initiatives have resulted in 12 million in savings. A lot of that is due to repatriation of consultants and bringing that work inhouse. And overhaul maintenance management program, we're extending the time between doing our overhauls on our -- on our generation facilities, and that's resulted in $14 million in savings.

And some of the new projects, as I mentioned, we're adding new projects each year. We're looking at a work scheduling dispatch automation program, a materials management process to deal with our inventory, and we're redesigning our procurement processes to allow us to purchase things in a more effective manner.

So how can customers reduce their bills? The main program that we have is our demand-side management program to help customers reduce the impact of the rate increases on their bill. So the examples include the refrigerator recycling program. You can save up to $100 a year by recycling your old fridge. We have lighting programs, rebates and incentives offered for energy-efficient bulbs. You can save up to

$40 a bulb over the life of the bulb. The block-heater timer program, which is a very popular program, customers can save up to $25 over the winter by plugging in for four hours instead of 12. For our industrial customers, we have the energy optimization program to help them find efficiencies. And we have a commercial lighting incentive program to allow customers to buy premium lighting at standard lighting prices.

So the bottom line for SaskPower, as Sandeep mentioned, is that a rate increase is needed simply to maintain a positive net income. Our standard return on equity is 8 and a half percent, as you're probably aware. With the rate increase that we're asking for, we're forecasting a net income of $27 millin in '14, 40 million in '15 and 40 million in 2016, so that's going to produce an ROE of 1.3 percent in 2014, 2 percent in '15 and 1.9 percent in 2016.

So, as Sandeep was talking about, what we're trying to do is balance our need for financial stability with our customers and trying to provide them with a reasonable rate increase over the next three years. And over the next three years we're going to see our debt ratio climb to 74.6 in 2014 all the way up to 77 percent by 2016. Our target is to keep our ratio at 75 percent, we didn't want to go above that; however, looking at the strength of our balance sheet and the earnings that we've made in prior yeas, we felt that we could -- we could sustain going above that target for a short period of time and still be able to maintain a good credit rating.

That's all we have as our formal presentation.

THE CHAIRPERSON: Good. Thank you. So this is the third meeting in our series of five public meetings. We will be holding public meetings as well next week in Regina and in Yorkton. I know there are some people attending this evening that are planning to attend the meeting in Regina as well and will make a presentation there.

It's very important to us at the panel that we do hear from you. You can make presentations verbally to the panel at meetings such as this, or you can make presentations to us through our website or -- and all the methods of communicating with the panel are found on our website.

Tonight we have a couple of people that have indicated they would like to make presentations to the panel, and following that we will open the floor for questions that you may have for SaskPower to clarify their presentation this evening.

So to begin with the first presentation, I call on Terry Friske from ERCO.

MR. FRISKE: Thank you. Not so much a presentation, but more a few words of concern from our company.

I am the plant manager here ERCO Worldwide in Saskatoon. We are one of approximately eight facilities within North America, so we do see a wide range of different areas within -- within Canada and the US.

So we have been in operation here in Saskatoon for over 50 years. Energy makes up more than 70 percent of our variable cost of production, so power pricing is of great concern to us here in Saskatoon. We provide approximately 100 direct jobs in Saskatoon and many more secondary jobs within the area. We're a high-low factor, stable and efficient industrial user of electricity. The proposed rate increase appears to target industrial customers with our profile, which we don't understand. High-low-factor customers make the best use of the electricity supplied, and the benefits are recognized in virtually every other jurisdiction. Why not in Saskatchewan?

Why is there such a large rate increase proposed when there is no-to-little demand growth? The rate increases proposed will make ERCO uncompetitive in Saskatchewan. Our competitors in every other jurisdiction in North America already enjoy lower power prices than we see here today. We want the rate review panel to less the impact of these rates to recognize the importance of competitive industrial rates for Saskatchewan industry and to force SaskPower to minimize their costs and operate more efficiently rather than simply asking for large rate increases.

THE CHAIRPERSON: Thank you very much. The second presentation is Kent Smith-Windsor.

MR. SMITH-WINDSOR: Kent Smith-Windsor, executive director of Greater Saskatoon Chamber of Commerce.

I do have copies of my presentation, so I'm not sure if I just give them there at the end or how we handle that.

THE CHAIRPERSON: If you can provide us with an electronic copy, then we can post it, or we can scan a written copy.

MR. SMITH-WINDSOR: Doesn't matter. We can get an electronic copy to you.

THE CHAIRPERSON: Okay.

MR. SMITH-WINDSOR: Just via the normal website?

THE CHAIRPERSON: Yeah, that's fine.

MR. SMITH-WINDSOR: Okay. Very good. So you'll be aware that the Greater Saskatoon Chamber of Commerce has presented to this panel on a number of occasions. The focus of our concern relates to the rate of increase in the context of competition and inflation. The rate request for 2013 is two and a half times higher than the Bank of Canada's inflation target rate, and that will be true for the next three years. In fact, for 2013 the CPI to date is about 1 and a half percent, which means that this rate would be well in excess of three times that rate.

The next comment that we have, and we raised that at the most recent panel presentation, is our sensitivity with competitiveness to the United States. For our benchmark we used the KPMG competitive alternatives measurement that compare Saskatoon to Billings, Montana and Fargo, North Dakota. Those are, we believe, good comparators because they are substantively thermal in nature in terms of their power generation. They also have a widely-dispersed population basis.

We used in this case a comparator against the Agri-Food industry benchmark used and the KPMG competitive alternatives measurement. We find that Saskatoon, and this would be true for all of Saskatchewan in view of the rate structure, is not competitive with either Billings or Fargo today. In using the three-year projections, we'll find that that gap will grow to in excess of 10 percent from our nearest competitor and well in excess of 25 percent for the next-nearest competitor, which is Fargo, North Dakota.

And we remind the panel and SaskPower that there will not be an increase in demand if we find businesses uncompetitive. Agri-Food is one that's particularly sensitive. I think you heard the more recent presenter, that it's not exclusive to Agri-Food; however, we've already seen one closure of a power -- of a food processor in Saskatoon. It's never fair to use a specific illustration of one cost input to indicate the reason for failure, but there are indications that cost pressures in industries like Agri-Food will be very real in the future as it relates to wages and the like, and this becomes yet one more reason for people to eliminate investment in Saskatchewan. So we may well find a different kind of demand management than we would like to see into the future.

There is another point that we would like to raise, and this is always a little dangerous because it focusses a lot on previous performance. However, we did take the time to go through previous rate applications to this panel from 2004 through to the projected date of 2016 and looked at operations, maintenance and administration as an expenditure pattern, and we found quite consistent over actuals in terms of the forecast expenditures for operations, maintenance and administration and actual expenditures far in excess of those.

And if we look at the overall increase in operations, maintenance and administration, we find that the compounding rate of these costs is in excess of 6 percent a year over that period. And then when we correlate that to the forecast on fuel expenditures, we find that in 2003 the fuel expenditures were 507 million, in 2009 these costs were 510 million, but these were forecast to be 655 million in the 2008 submission, and in 2012 these costs were 513 million. The application did indicate some expectations relating to coal specifically as to a potential future expenditure, but we point out that the forecast fuel expenditures in 2016 are expected to be $762 million, which represents a 48 percent increase over the 2012 expenditures.

And there has been a pattern of overestimating fuel costs in previous applications, underestimating operations, maintenance and administration, and if we look at it in the context of the application before you that has a series of rate increases built on those expenditures, we ask that some consideration to do a retroactive analysis on the actual fuel purchase costs and consider whether there can be future rate reductions or rebates as they relate to the actual occurrences of fuel expenditures versus the forecasts that are imbedded within this application.

THE CHAIRPERSON: Thanks very much, Kent.

We will now open the floor to anyone who would like to ask any questions or provide clarification. Anyone?

Are there any further

comments you would like to make at this time before we wrap up?

MR. WATSON: No, I -- we obviously wrote down the comments, and we'd like to see the presentations.

We're a company -- I can tell you specifically that we buy our gas at the same spot price that SaskEnergy buys the gas at. Gas is our biggest variable, and that's one of the reasons why we say although the price of gas is quite low right now -- and, in fact, your example of overestimating over the last several years is because gas has continued to drop in price. It seems to have stabilized around the $3 a gigajule right now. It's a bit higher than that.

So you see it -- well, essentially you see it all in now. You've seen it come down, and it stays -- it's down there about $3 a gigajule. We buy gas to burn, SaskEnergy buys gas to sell, so we have -- although we buy it at the same spot price, we need to hedge the price of gas so there's no wide variance. And we do not have a variance account like they do. In other words, if they don't collect the gas prices higher than they thought, then they can come out and reassess a rate on you. We don't have that. We risk it all internally with the gas price.

As for O, M and A, we were cornered about O, M and A, quite frankly, and effectively -- and there's puts and takes to it, but '012 to '013, although Troy said we'd added just over $2 billion in assets to the balance sheet, our O, M and A is the same as it was last year. We've held it flat first time since '95, '96. So we've paid attention to that, and, I mean, there's puts and takes to it, you know, we had an asbestus issue at Boundary Dam and stuff like that, so -- so we're working on that.

As for the comparable to the US, I've been doing business across Canada, Ontario, Quebec, Calgary, and they always compare business with the US, but that is never quite the same. In the US right now they're even having a goofy situation. For the first time in a generation the price of gasoline is cheaper in California than it is in New York, first time in 20 years, over 20 years, so they have goofy economics going on in the US. I'm not justifying it. We do look at it, we do pay attention to that.

But, no, I, quite frankly, Madam Chairman, think that -- that what we're -- what we've come at this with, and I've said it publically before, is we've come at this with an enterprise mentality; in other words, essentially what will -- what will the customer bear, and then we have to work that bunny. Just like the old chequebook, that's the money we have to work with and keep it within that to show a profit. As you see, the profit's pretty lean, but we'll make sure we'll get there.

So that's all we have to say. Thanks.

THE CHAIRPERSON: Thank you. Does anyone -- before we do wrap-up, does anyone have any further comments or questions?

If not, the panel will, as I mentioned, be holding two more public meetings. We do have lots of opportunity for you to provide information to the panel up until -- our deadline for submissions is February the 7th. We will conclude our review but the end of April and make our report to the government with our recommendations, and then cabinet will make its final decision on that going forward.

So I want to thank you for coming tonight and thank SaskPower for coming and presenting to you. And please don't feel like you have to rush off. If you want to stay around and talk with us individually, that would be great. So, again, thanks very much, and this meeting is adjourned.

(Adjourned at 8:10 p.m.)

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I, LISA MacDONALD, CSR, Certified Court Reporter, hereby certify that the foregoing pages contain a true and correct transcription of my stenograph notes taken herein to the best of my knowledge, skill and ability.

LISA MacDONALD, CSR

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