November 8, 2021

**Delivered by Email & RESS**

Ms. Christine Long, Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2021-0015 – Elexicon Energy Inc. ("Elexicon") IRM and ICM Application (the "Application")**
**Responses to Interrogatories**

Pursuant to Procedural Order No. 2 dated October 19, 2021, please find enclosed Elexicon's Responses to the Interrogatories ("IRs") of Ontario Energy Board ("OEB") Staff received on October 25, 2021, Mississaugas of Scugog Island First Nation, Power Workers' Union, and School Energy Coalition received on October 26, 2021, Consumers Council of Canada received on October 27, 2021, and Vulnerable Energy Consumers Coalition received on October 28, 2021.

The IRs will be filed through the OEB's web portal ("RESS") and include updates to the following files:

- Elexicon's Veridian Rate Zone ("VRZ") IRM Rate Generator Model and Tariff of Rates and Charges
- VRZ GA Analysis Workform
- VRZ Accounting Guidance 2020 Analysis
- VRZ ICM Model
- VRZ IRM Rate Generator Model and Tariff of Rates and Charges excluding the ICM related components (in response to OEB Staff-13)

An overview of the updates and related filenames are included in the response to OEB Staff-25.

Also filed separately through the RESS are two redacted documents for SEC-1 regarding Board Materials and the Seaton TS Business Case.

## Amendment to Relief Sought in Application

In the Decision and Order in the MAADs Application between Veridian Connections Inc. and Whitby Hydro Electric Corporation (EB-2019-0236) ("Elexicon MAADs Decision") the OEB ordered that Elexicon file its Earnings Sharing Mechanism ("ESM") proposal by December 31, 2021, in accordance with prevailing OEB policy at that time. The OEB noted that this requirement was consistent with that made in the Decision and Order in the Alectra Utilities Corporation's ("Alectra") amalgamation proceeding.

In compliance with the Elexicon MAADs Decision, Elexicon filed its ESM proposal together with the Application on August 18, 2021.

In its 2020 Incentive Regulation Mechanism Application (the "Alectra Application") (EB-2019-0018), Alectra filed its ESM proposal and sought an order from the OEB approving its ESM proposal for the 2022-2026 period.

Therefore, consistent with the Alectra Application, Elexicon is requesting to amend the relief sought in the Application by adding a request for an order approving Elexicon's Earning Sharing Mechanism proposal for the 2024-2028 period.

Elexicon submits that this amendment does not impact the proceeding in any material respect as the ESM proposal was filed with the Application.

In the Application filed on August 18, 2021, Elexicon included a request for the establishment of rate riders associated with the disposition of VRZ's Group 1 accounts. Elexicon requests that these rate riders be established on an interim basis.

## Request for Confidential Treatment

Elexicon is hereby requesting confidential treatment, pursuant to Sections 10.01 and 10.02 of OEB's *Rules of Practice and Procedure* (Revised July 30, 2021) and Sections 5.1.1 and 5.1.2 of the OEB's *Practice Direction on Confidential Filings* (Revised February 17, 2021) ("Practice Direction") for information provided in response to SEC-1.

1. **SEC-1**

In response to SEC-1, Elexicon has filed materials submitted to Elexicon's Board of Directors regarding the proposed ICM projects (the "Board Materials").

To the extent the Board Materials include materials that are not related to the ICM projects, such irrelevant information has been redacted.

The Board Materials also included information related to the bidders to the General Contractor tender, including the successful and unsuccessful bidders (the "Bidders"). The information contains details that compares the Bidders' bids, the bid amounts, and Elexicon's considerations. Each of the Bidders are engaged in a competitive business of providing General Contractor services. The names of the Bidders and the amounts (in particular where the bid amount can be tied to an individual successful or unsuccessful Bidder) have been redacted as this information, if disclosed, would affect the competitive position of these Bidders. Bidders typically keep their historical bidding information to themselves, so they can use this information to inform future bids. Public disclosure of this information would cause these Bidders undue harm.

In addition, Elexicon relies on Bidders willingness to participate in its tendering processes from time to time to facilitate competitive pricing for the work it procures. If Bidders become concerned that the prices they submit in confidence into Elexicon's tendering processes may be disclosed on the public record, those Bidders may elect not to participate in future tenders – reducing competitive tensions and possibly resulting in higher prices for future services and deliverables, which would be a harm to Elexicon and to ratepayers. The redactions relate primarily to discrete information that was reported to the Board, which if disclosed, would have the effect disclosing key confidential details related to the competitive tendering process.

**OEB's Considerations for Confidentiality Requests**

Appendix "A" to the Practice Direction sets out the OEB's considerations in determining requests for confidentiality. Among those considerations are the following:

> *(a)(i) prejudice to any person's competitive position;*
> *(a)(iv) whether the disclosure would be likely to produce a significant loss or gain to any person; and*
> *(g) any other matters relating to FIPPA (the Freedom of Information and Protection of Privacy Act) and FIPPA exemptions.*

With respect to item (g) above, the OEB has provided a summary of pertinent FIPPA provisions at Appendix C of the Practice Direction. That summary provides, in part, as follows:

*"Under section 17(1), the OEB must not, without the consent of the person to whom the information relates, disclose a record where:*

> *(a) the record reveals a trade secret or scientific, technical, commercial, financial or labour relations information;*
> *(b) the record was supplied in confidence implicitly or explicitly; and*
> *(c) disclosure of the record could reasonably be expected to have any of the following effects:*
> *i. prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons or organization;*
> *iii. result in undue loss or gain to any person, group, committee or financial institution or agency;*
> *..."*

The Practice Direction recognizes that these are among the factors that the OEB will take into consideration when addressing the confidentiality of filings. They are also addressed in section 17(1) of FIPPA, and the Practice Direction notes (at Appendix C of the Practice Direction) that third party information as described in subsection 17(1) of FIPPA is among the types of information previously assessed or maintained by the OEB as confidential.

In addition, in the OEB's recent letter issued related to its *Proposed Amendments to the Practice Direction on Confidential Filings (EB-2021-0227)*("Proposed Amendments") dated August 9, 2021, at Appendix B, the OEB proposed specific categories of information that would be deemed to be "presumptively confidential" as part of its proposed amendments. The list in Appendix B includes "Copy of an unsuccessful bid received as part of a competitive procurement process." The redactions made to the Bidders' information is consistent with the OEB's Proposed Amendments.

Elexicon submits that disclosing the information that has been redacted would put the Bidders in a competitive disadvantage vis-à-vis their competitors in the market. It would be revealing commercial information that, if disclosed, would reasonably be expected to result in undue loss on the Bidders' part in its business. Elexicon requests confidential treatment of the information redacted with respect to the Bidders' information as described above.

2. **SEC-2**

In response to SEC-2, Elexicon filed a copy of the Seaton Transformer Business Case dated August 17, 2016 ("Business Case").

Borden Ladner Gervais LLP ("BLG") was retained by Veridian Connections Inc. (Elexicon's predecessor) to provide legal and regulatory review of the Costello Associates Supply Options Study. Attached to the Business Case is a memorandum from BLG containing such legal advice and a summary of BLG's legal advice was also included at Section 6.0 of the Business Case.

This information constitutes solicitor client privileged legal advice that is exempt from disclosure and has thus been permanently redacted from the Business Case. The disclosure of these documents would constitute violation of solicitor client privilege.

**Filing of Confidential Documents**

Elexicon is prepared to provide unredacted copies of the Board Materials (relevant portion) to parties' counsel and experts or consultants provided that they have executed the OEB's form of Declaration and Undertaking with respect to confidentiality and that they comply with the Practice Direction, subject to Elexicon's right to object to the OEB's acceptance of a Declaration and Undertaking from any person.

In keeping with the requirements of the Practice Direction, Elexicon is filing a confidential unredacted version of the documents with the Registrar. The unredacted versions of the documents have been marked "Confidential" and Elexicon has identified the portions of the document in respect of which confidentiality is claimed through the use of sidebars ("|"). Elexicon requests that the unredacted documents be kept confidential.

Sincerely,

Steve Zebrowski
Manager, Regulatory Policy
Elexicon Energy Inc.

cc: Ms. Birgit Armstrong (OEB)
Mississaugas of Scugog Island First Nation
Power Workers' Union
School Energy Coalition
Consumers Council of Canada
Vulnerable Energy Consumers Coalition

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response-OEB Staff

EB-2021-0015 | November 8, 2021

**OEB STAFF – 1**

**Reference: Appendix B, pages 11-13**

**Question:**

**For the project alternatives, Elexicon considered building Seaton TS at site 2 (preferred option 1) and at site 3 (option 10).**

**a) Why was site 1 not considered for a standalone option that involves only the construction of Seaton TS?**

Response:

For background in responding to this OEB staff question, Elexicon Energy Inc.'s ("Elexicon") predecessor, Veridian Connections Inc. ("Veridian"), developed the Seaton Transformer Station Supply Options Study (the "Option Study") contained within the initial business case, as filed in response to Staff-8, to determine how it would meet the new load forecasted for the Seaton area. In consultation with Hydro One Networks Inc. ("HONI"), the Option Study assumed that all of the new load would be supplied by a new standalone transformer station constructed by HONI or Veridian. It concluded that the best alternative was for Veridian to build its own Seaton TS at Site 2.

Near the time that Veridian was completing this study, the Independent Electricity System Operator ("IESO") was also conducting a regional supply study in 2016 for the Pickering-Ajax-Whitby Sub-region. The IESO considered the forecasted load growth in the Seaton area, and considered a number of alternatives in order to supply this new load (filed as Appendix B: Seaton Station Analysis on page 656 of the Distribution System Plan (the "DSP").

Two existing HONI-owned stations had some remaining capacity that potentially could have been used to delay the construction of the Seaton TS. Ultimately, the IESO concluded that the cost to connect the Seaton loads to these existing stations and then constructing Seaton TS was higher than constructing a stand-alone TS. It was determined that the construction of the stand-alone Seaton TS at Site 1 or 2 was the preferred alternative. The alternatives studied by the IESO are listed in Table 5, of Appendix B of the Pickering Ajax Whitby IRRP, page 673 of DSP.

The table shown on pages 11-13 in Appendix B of Elexicon's 2022 Electricity Distribution Rate Application (the "Application"), is a combined summary of the major alternatives that were considered in the Option Study and the IESO Integrated Regional Resource Plan ("IRRP").

Site 1 was considered as a stand-alone alternative (see Appendix B of the 2016 Pickering Ajax Whitby IRRP report attached as part of Appendix C: Regional Planning Documents of the DSP, item B.7 Economic Comparison of Alternatives, Table 4 on page 15) but was estimated to cost over $5MM more than Site 2. Due to this cost difference, it was not listed as a reasonable alternative in Appendix B, Pages 11-13 of the Application.

**b) Please discuss the pros/cons of site 1 compared to sites 2 and 3.**

Response:

HONI and Veridian co-authored the Class Environmental Assessment – Environmental Study Report ("ESR") filed with the Ministry of the Environment, Conservation and Parks in August 2018. This Class EA process requires that the TS site be selected on the basis of the best combination of environmental, technical, and economic impacts. Site 2 was deemed to be the preferred site. Please refer to the attached excerpt from the ESR comparing the alternative sites.

**c) What is the forecasted cost if Seaton TS is constructed at site 1?**

Response:

Per Appendix B of the 2016 Pickering Ajax Whitby IRRP report attached as part of Appendix C: Regional Planning Documents of the DSP, item B.7 Economic Comparison of Alternatives, Table 4 on page 15, Site 1 was estimated to cost $42.96MM.

Table 5-2: Details of Site Evaluation by Criteria Group

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | **5** |
| Class 1, 2, and 3 agricultural lands affected by MTS and transmission line upgrades | Yes = 0, No = 5 | Yes | 0 | Yes | 0 | Yes | 0 | All three alternative sites would affect Class 1, 2, or 3 agricultural lands. | |
| Potential to affect actively farmed lands by MTS and transmission line upgrades | High = 1, Moderate = 3, Low = 5 | High | 1 | Moderate | 3 | Low | 5 | The longer the transmission line that needs to be upgraded, the greater the effect on active farm field. | |
| Study areas for the Project within Duffins Rouge Agricultural Preserve | Inside = 0, Outside = 5 | Outside | 5 | Outside | 5 | Inside | 0 | The proposed line tap that would need to be constructed for Site #3 is within the Agricultural Preserve area. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***2.0*** | | ***2.7*** | | ***1.7*** | | |
| ***Forest Resources (Criteria Group Weight = 5%)*** | | | | | | | | | **5** |
| Area of forest to be removed (hectares (ha)) | Large Area =1, Mid-Sized Area= 3, Small Area= 5 | Mid-Sized (Approx. 5.1 ha) | 3 | Small (Approx. 1.4 ha) | 5 | Large (Approx. 10.5 ha) | 1 | Site #3 is covered by contiguous white cedar conifer forest, and would require extensive clearing. Site #1 has a few patches of poplar deciduous woodland and some Scots pine trees. Site #2 has very limited willow tree cover at the north edge of site that will likely not be affected by construction.<br><br>The line tap to Site #3 will have the largest area of effect to forestry resources. The line tap connection to Site #1 would require removal of a small amount of Scots pine plantation. The tap line connection to Site #2 would require removal of a small amount of hedgerow. No additional tree removal will be required for transmission line upgrades since the existing, maintained transmission corridor will be used. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***3.0*** | | ***5.0*** | | ***1.0*** | | |
| ***Cultural Heritage Resources (Criteria Group Weight = 10%)*** | | | | | | | | | **10** |
| Potential interactions with built heritage features | Yes = 0, No = 5 | Yes | 0 | No | 5 | No | 5 | There is an existing building with heritage value on Site #1. | |
| Archaeological potential following Stage I Assessment | | Yes | 0 | Yes | 0 | Yes | 0 | The Stage I archaeological assessment determined there is archaeological potential at all three sites. | |

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | *0* | | *5.0* | | *5.0* | | |

| Component | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score =5 Min Score=0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Human Settlements (Criteria Group Weight = 15%)*** | | | | | | | | | 15 |
| Potential effects to existing residences or businesses within 300 m of MTS | High = 1, Moderate = 3, Low = 5 | Moderate | 3 | Low | 5 | High | 1 | Residential neighborhoods are present south of Site #3. Various residential streets surround Site #1. Very few homes exist near Site #2. | |
| Nearest Potential Noise Receptors (PORs) to MTS | Multiple receptors nearby=1, Single receptor nearby=3, Receptors far away = 5 | Single Dwelling Nearby | 3 | Single Dwelling Nearby | 3 | Multiple Receptors Far Away | 5 | Site #1 and Site #2 each have a single receptor (i.e. residential building) close by. At Site #3 is ~400m from the nearest receptor. | |
| Conformance with Provincial Policy Statement (PPS), and City of Pickering Master Environmental Servicing Plan (MESP) | Yes = 5, No = 0 | Yes | 5 | Yes | 5 | Yes | 5 | The transmission facilities that would be required for each of these three sites would use an existing right-of-way which is consistent with the planning recommendation of the PPS.<br><br>The MESP was considered and utilized as much as possible during the planning process. The MESP provided a starting point for locating feasible alternative MTS sites. | |
| Easement required for the MTS and transmission line upgrade (e.g., potential effects on the existing property ownership) | Yes = 0, No = 5 | No | 5 | Yes | 0 | Yes | 0 | Sites #2 and #3 would require easements for the line tap connection. Site #1 would directly connect to the adjacent transmission corridor, with no easement required. | |
| Number of road or railway crossings by transmission line and transmission tap (e.g., potential traffic disruption during construction) | Multiple Crossings = 1, Single Crossing = 3, | Two Crossings | 1 | One Crossing | 3 | Two Crossings | 1 | The portion of the transmission line to be upgraded to connect to Site #1 has two crossings (Brock Rd and Taunton Rd). The transmission tap for Site #2 must cross Taunton Rd once. The transmission line for Site #3 would cross Dixie Road, and the line tap will also be extended across the rail corridor. | |

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| | No Crossings = 5 | | | | | | | | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***10.2*** | | ***9.6*** | | ***7.2*** | | |
| ***First Nations or Métis Communities (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| Presence of First Nations community identified cultural, traditional, or historic resources | Yes= 0, No= 5 | No | 5 | No | 5 | No | 5 | No known First Nations community identified cultural, traditional, or historic resources are present. Archaeological potential is addressed under the "Cultural Heritage Resources" category. | |
| Changes in access to cultural, traditional, or historic resources | | No | 5 | No | 5 | No | 5 | No expected changes in access to cultural, traditional, or historic resources. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***5.0*** | | ***5.0*** | | ***5.0*** | | |
| **Component** | **Scoring System*** | **Alternative Sites** | | | | | | **Comments** | **Weight (%)** |
| | | **Site #1 (Brock Road)** | | **Site #2 (Sideline 22)** | | **Site #3 (Cherrywood)** | | | |
| | *Max Score =5 Min Score=0 | **Measure** | **Score*** | **Measure** | **Score*** | **Measure** | **Score *** | | |
| ***Mineral Resources (Criteria Group Weight = 0%) N/A*** | | | | | | | | | 0 |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***N/A*** | | ***N/A*** | | ***N/A*** | | |
| ***Natural Environment Resources (Criteria Group Weight = 30%)*** | | | | | | | | | 30 |
| Potential impact to wetlands within 120m of MTS and transmission line upgrades | High = 1, Moderate = 3, Low = 5 | High | 1 | Moderate | 3 | Low | 5 | Site #1 and Site #2 have on-site wetlands. The Site #2 wetland is located in the north part of the proposed site, and will be avoided to the extent feasible. Construction within wetlands on Site #1 would be unavoidable. There is a small wetland within 15 m of Site #3, but no on-site wetlands. | |
| Number of transmission line upgrade water crossings | Multiple Crossings = 1, Single Crossing = 3, No Crossings = 5 | Three Crossings | 1 | One Crossing | 3 | One Crossing | 3 | The portion of the transmission line to be upgraded to reach Site #1 will cross both Urfe Creek and Ganatsekiagon Creek, as well as a small pond east of Brock Road. The line upgrade to Site #2 will cross a small wetland. A watercourse from Cherrywood TS that follows the transmission RoW to the southern edge of Site #3 would be crossed by the line tap connection. | |

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| Distance to nearest watercourse/waterbody from MTS (metres) | <10m away = 1, Between 15m and 10m away = 3, >15m away = 5, | 13m away | 3 | 18 m away | 5 | 1m away | 1 | A small waterbody is located south of Site #1. A tributary of Ganateskiagon Creek runs parallel to the north edge of Site #2. A small unnamed tributary runs parallel to the southern edge of Site #3. | |
| Potential to affect Species at Risk (SAR) | Yes = 0, No= 5 | No | 5 | Yes | 0 | No | 5 | Suitable habitat for Redside Dace was identified by the MNRF in Ganateskiagon Creek, a tributary of which is 18 m away from the north edge of Site #2. | |
| Creation of new forest edge habitat | High = 1, Moderate = 3, Low = 5 | Moderate | 3 | Low | 5 | High | 1 | Removal of lots of trees at Site #3 will create additional edge forest habitat and loss of interior forest habitat. | |
| Potential to affect source protection areas<br><br>(e.g. Highly Vulnerable Aquifer (HVA), Significant Groundwater Discharge Area, Intake Protection Zone) | High % the Site area covered= 1, Moderate % of the Site area covered = 3, Low % of the Site area covered = 5 | Moderate | 3 | Low | 5 | High | 1 | Highly Vulnerable Aquifers (HVA) were mapped underneath all three sites. HVAs cover 64% of Site #1, 34% of Site #2, and 100% of Site #3.<br><br>Significant groundwater recharge areas were mapped underneath approximately 4% of Site #3, and are not present at Site #1 or Site #2.<br><br>Intake Protection Zones are not present on either Site #1 or Site #2; however an intake protection zone covers approximately 7% of Site #3. | |
| Potential disturbance to Toronto and Region Conservation Authority (TRCA) regulated areas from MTS construction and transmission line upgrade | High = 1, Moderate = 3, Low = 5 | High | 1 | Moderate | 3 | Low | 5 | Longer transmission line upgrades will potentially affect additional TRCA areas. | |
| Significant woodlands | Present = 0, Not present = 5 | Present | 0 | Not present | 5 | Present | 0 | The MNRF indicated Sites #1 and Site #3 contain parts of significant woodlands. | |
| Proximity of MTS and transmission line upgrade to ANSI, ESA, or other protected areas | Overlaps MTS Site = 1, Borders = 3, None Nearby = 5 | Borders MTS Site | 3 | None | 5 | Within MTS Site/ Overlap | 1 | Site #1 is bordered by an unidentified/unevaluated wetland. Site #3 is in an ESA designated in the Official Plan. | |

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***13.3*** | | ***22.7*** | | ***14.7*** | | |

| Component | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score =5 Min Score=0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Recreation Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| Potential to affect trails | Present = 0, Not present = 5 | Trail present | 0 | Trail present | 0 | Not present | 5 | Sections of transmission line to be upgraded cross the Seaton Hiking Trail. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***0*** | | ***0*** | | ***5.0*** | | |
| ***Visual and Aesthetic Resources (Criteria Group Weight = 5%)*** | | | | | | | | | 5 |
| Potential to affect views of existing and future residential developments (i.e. do residents have the opportunity to consider purchasing a home where the Seaton MTS is visible?) | Opportunity = 5, No Opportunity = 5 | Opportunity | 5 | Opportunity | 5 | No Opportunity | 0 | Future home buyers near Sites #1 and #2, have the opportunity to consider the Seaton MTS in their decision towards purchasing a home. The area around these sites is also currently undeveloped. However, homeowners (existing and future) near Site #3 already include Cherrywood TS and other developed residential areas affecting views/ the visual aesthetics. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***5.0*** | | ***5.0*** | | ***0*** | | |
| ***Technical & Cost Considerations (Criteria Group = 20%)*** | | | | | | | | | 20 |
| Distance from MTS to expected load | Longest = 1, Medium = 3, Shortest = 5 | Medium | 3 | Shortest | 5 | Longest | 1 | Shorter distances from the MTS to demand load reduce electrical losses. | |
| Length of transmission line upgrades required | Longest = 1, Medium = 3, Shortest = 5 | Longest | 1 | Medium | 3 | Shortest | 5 | Shorter lengths of transmission line upgrades reduce the potential for negative environmental effects and reduce cost. | |
| Length of distribution feeders needed to be extended | Longest = 1, Medium = 3, Shortest = 5 | Medium | 3 | Shortest | 5 | Longest | 1 | Close proximity to municipal or regional roads will access and connection to existing feeder egress routes. Shorter lengths of distribution feeders reduce the potential for negative environmental effects and reduce cost. | |

| Components | Scoring System* | Alternative Sites | | | | | | Comments | Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | Site #1 (Brock Road) | | Site #2 (Sideline 22) | | Site #3 (Cherrywood) | | | |
| | *Max Score = 5 Min Score = 0 | Measure | Score* | Measure | Score* | Measure | Score * | | |
| ***Agricultural Resources (Criteria Group Weight = 5%)*** | | | | | | | | | **5** |
| Duration of construction (months) | Longest = 1, Medium = 3, Shortest = 5 | Longest | 1 | Medium | 3 | Shortest | 5 | The longer lengths of transmission line upgrades would increase construction duration. | |
| Approximate cost of construction | High = 1, Moderate = 3, Low = 5 | High | 1 | Moderate | 3 | Low | 5 | Approximate cost is related to length of transmission line upgrade, duration of construction, complexities associated with work, site preparation, and landscaping costs. | |
| ***Weighted Score (%) (Sum of components)/(Max Score of all Components) x (Weight)*** | | | ***7.2*** | | ***15.2*** | | ***13.6*** | | |
| **TOTAL SCORE (out of a possible 100%)** | ***Highest score means lowest project impact and least potential to effect the surrounding environment.** | | **45.7** | | **70.1** | | **53.1** | | **100** |

**OEB STAFF – 2**

**Reference: Appendix B, page 13**

**Question:**

**Regarding Seaton TS, option 10 is to construct Seaton TS at site 3. Option 7 involves constructing additional supply from Sheppard TS in addition to the construction of Seaton TS at site 3.**

**a) Although option 7 appears to involve broader scope (i.e. additional supply for Sheppard TS), it has a lower capital cost than option 10. Please explain why.**

Response:

The cost noted in both options were estimated by the Independent Electricity System Operator ("IESO") as part of the 2016 Pickering Ajax Whitby Integrated Regional Resource Plan ("IRRP"). Further details can be found in the Distribution System Plan: Appendix A (Capital Program Narratives) Section S1; Pickering-Ajax-Whitby IRRP Report, Appendix B, pages 9-18. Option 7 included eight (8) feeders from Site 3, and two (2) feeders from Sheppard TS. Option 10 included eight (8) overhead and two (2) underground feeders from Site 3. The Site 3 configuration was not the same in both options. Although Option 7 appears to have a broader scope, we believe that the difference in feeder arrangements account for the lower cost in Option 7.

The IRRP- Pickering-Ajax-Whitby Sub-region table reproduced in Appendix B, page 11 of Elexicon Energy Inc.'s ("Elexicon") 2022 Rate Application incorrectly labelled all option costs as being in terms of Total Gross CAPEX and Total Net CAPEX spending. However, only costs for Options 1, 2 and 3 were correctly expressed in terms of capital expenditure ($MM), as Options 4-10 were a reproduction of the IESO option cost analysis and those

figures were net present value ("NPV") costs. In order to ensure comparability, Elexicon has recreated the table below, which identifies all costs in terms of NPV:

**OEB Staff-2 Table 1: Seaton TS Option Analysis NPV**

| | *1* | *2* | *3* | *4* | *5* |
|---|---|---|---|---|---|
| ***Scenario Description*** | Current Plan to build Seaton TS at Site 2 | Maintain the status quo of the system – Do Nothing | Non-Wire Alternatives to address Load Growth in the area | Use Malvern TS 27.6 kV Capacity and build Seaton TS at Site 1 or 2 | Use Malvern TS 27.6 kV Capacity and build Seaton TS-3 and associated Feeders |
| ***Net Present Value*** | $60M-$68M[1] | N/A | $146M-$154M[2] | $93M-109M[1] | $104M-119M[1] |

| ***Number*** | *6* | *7* | *8* | *9* | *10* |
|---|---|---|---|---|---|
| ***Scenario Description*** | Provide additional supply from 27.6-kV Sheppard TS and build Seaton TS at Site 1 or 2 | Provide additional supply from 27.6-kV Sheppard TS and build Seaton TS at site 3 and associated feeders | Provide additional supply for Shepard TS, followed by additional supply from Malvern, and then build Seaton TS at Site 1 or 2 | Provide additional supply for Shepard TS, followed by additional supply from Malvern, and then build Seaton TS at site 3 with associated feeders | Build Seaton TS at site 3 alongside its associated feeders |
| ***Net Present Value[3]*** | $73-84M | $91-102M | $105-124M | $113-130M | $94-108M |

Notably, the preferred option, Option #1, which involves building the Seaton TS at site 2, has the lowest NPV of any option analyzed and is significantly lower than either option 7 or 10.

[1] Calculated by IESO in the *Pickering-Ajax-Whitby Integrated Regional Resource Plan*, June 30, 2016
[2] Based on a three-year deferral of Seaton TS following battery storage investment on the 27.6 kV system, with 6% discount rate
[3] Calculated by IESO in the *Pickering-Ajax-Whitby Integrated Regional Resource Plan*, June 30, 2016

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**Reference: Appendix B-2, page 15**

**Question:**

**Elexicon notes that it used a competitive procurement process for all major purchases on the Seaton TS project.**

**a) Please provide further details on the procurement process including how Elexicon evaluated the quotes/bids it received.**

Response:

The Elexicon Energy Inc. ("Elexicon") procurement process followed for this project was to use detailed specifications to solicit competitive bids from at least three qualified vendors for major expenditures, such as: engineering services; power transformers; switchgear; protection and control; and the construction general contractor. All potential bidders were screened to ensure that they had sufficient relevant experience, and had acceptable references for similar work from other Ontario local distribution companies ("LDCs").

Bids were then evaluated and scored on cost (i.e., initial capital cost and OM&A costs), technical conformance, references, experience, delivery, and ongoing support. Scoring was assigned to each evaluation category, and the overall highest score determined the vendor of choice. Elexicon worked in conjunction with another LDC that was also in the market for major equipment for a transformer station of their own. Major equipment suppliers agreed to additional discounts (typically in the range of 1.5-3%) if both LDCs purchased from the same suppliers due to expected design and fabrication efficiencies

of having two similar orders at the same time. The LDC purchasing processes were conducted independently in accordance with each company's purchasing policies.

At the end of the process, Elexicon realized savings of approximately $0.11MM and $0.056MM on the purchase of the power transformers and gas insulated switchgear, respectively, related to this cooperative approach.

**b) Has Elexicon done any benchmarking or comparison of the costs of the Seaton TS project? If so, please provide this information.**

Response:

Yes, Elexicon Energy Inc. ("Elexicon") has completed benchmarking of the costs for the Seaton TS project. The initial project budget was based on data from several recent (at the time of project initiation in 2016) similar Ontario LDC projects.

In addition, updated budgetary costs, for major equipment and services were solicited from vendors to validate the budgets as part of the Seaton TS initial business case. The aforementioned business case was filed in response to SEC-1. Further, Elexicon's consultants have many other projects in this sector and have recent experience, in order to compare dynamic aspects such as construction and material costs. Additionally, Hydro One Networks Inc.'s provision of pricing for its construction of the Seaton TS provided a means to compare the costs to the expected Elexicon costs to construct Seaton TS.

**c) What are Elexicon's processes for evaluating and approving any variance to project scope, schedule and cost?**

Response:

Scope, schedule and cost baselines were set at the onset of the Seaton TS project. With respect to the process for evaluating and approving variances to these baselines, the General Contractor submits a Change Order describing the proposed change to scope, budget and/or schedule and provides supporting documentation and rationale to support the change.

Change Orders related to the planning phase (e.g., Environmental Assessment, archaeological investigation, consultation with First Nations, etc.) are submitted directly by the General Contractor to Elexicon's Project Manager.

Proposed changes to the design and construction phases are submitted to the Project Engineer and a recommendation is made to Elexicon's Project Manager to approve/modify/reject the request.

In both instances Elexicon's Project Manager engages the Project Sponsor and other team members, as required, depending on the nature of the request before approving the Change Order, to verify the reasonableness of the request and resulting changes.

Change Orders that have a financial impact are also required to comply with Elexicon's Purchasing Policy, which prescribes the expenditure authority based on the corresponding approval limit, with the CEO having expenditure authority for authorizations between $200,000 and the budget limit. Expenditures over the budget limit must receive both CEO approval and be provided to Elexicon's Board of Directors. To date, all project costs for Seaton TS have remained within the approved budget limit.

**d) Is Elexicon's general contractor for this project responsible for any cost overruns? What steps have Elexicon taken to mitigate the risk of cost overruns and the resulting impact on rates to customers?**

Response:

In order to mitigate potential cost overruns, Elexicon has employed a stipulated price contract with the General Contractor which generally follows the Canadian Construction Document Committee ("CCDC") 2 format. Generally, the General Contractor is responsible for any cost overruns. Exceptions can result from: changes in scope of work (minor unforeseen changes); and conditions outside of the control of the contractor (i.e., escalation of material costs due to the pandemic). Elexicon continuously monitors: the overall project budget; tracks all change orders; and regularly communicates risk issues to its Executive Leadership Team. In addition to the CCDC 2 contract in place with the General Contractor, Elexicon has also utilized the services of consulting firms with a long history of work on Transformer station projects for both the Owner's Engineer services and detailed design engineering, in order to identify and avoid potential risks as early as possible.

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**Reference: DSP, Appendix S-1, pages 8-12**

**As noted in the DSP, the 2016 IRRP forecasted that the Whitby TS 27.6kV LTR would be exceeded by 2018. However, as shown in Figure 10 on page 11, the actual loading of Whitby TS 27.6kV in 2019 was less than half of its LTR.**

**Furthermore, as noted on page 12, as of 2019, the large influx of customers from the Seaton Area has still not yet occurred as originally forecasted**.

**Question:**

**a) When does Elexicon forecast the additional load from the Seaton area to materialize? At what point, if Seaton TS were not constructed, does Elexicon expect the LTR for Whitby TS' 27.6kV system to be exceeded?**

Response:

If Seaton TS is not constructed as proposed, based on the most up-to-date and best available information, Elexicon expects to exceed the Limited 10-day Rating ("LTR") of the Whitby TS 27.6 kV system in 2023.

The original load forecast referenced in the 2016 Integrated Regional Resource Plan ("IRRP") was based on the 20 Years Population Forecast published by the City of Pickering in 2014. Since then, Elexicon Energy Inc. ("Elexicon") and the City of Pickering have observed slower than projected growth in the Seaton area. In 2020, the City of Pickering updated its 20 Years Population Forecast[1] to reflect the slower growth.

[1] https://www.pickering.ca/en/business/resources/20YearPopulationForecastACC.pdf

Currently, the Whitby TS T1/T2 27.6kV has been bearing the burden of developments around the Seaton region and it can only continue connecting additional loads until 2023. Based on the updated 2020 population projection, the load will continue to grow and materialize over the next 20 years. Even at the current growth rate, if Seaton TS is not constructed, the Whitby TS will exceed its Limited 10-day Rating ("LTR") by 2023.

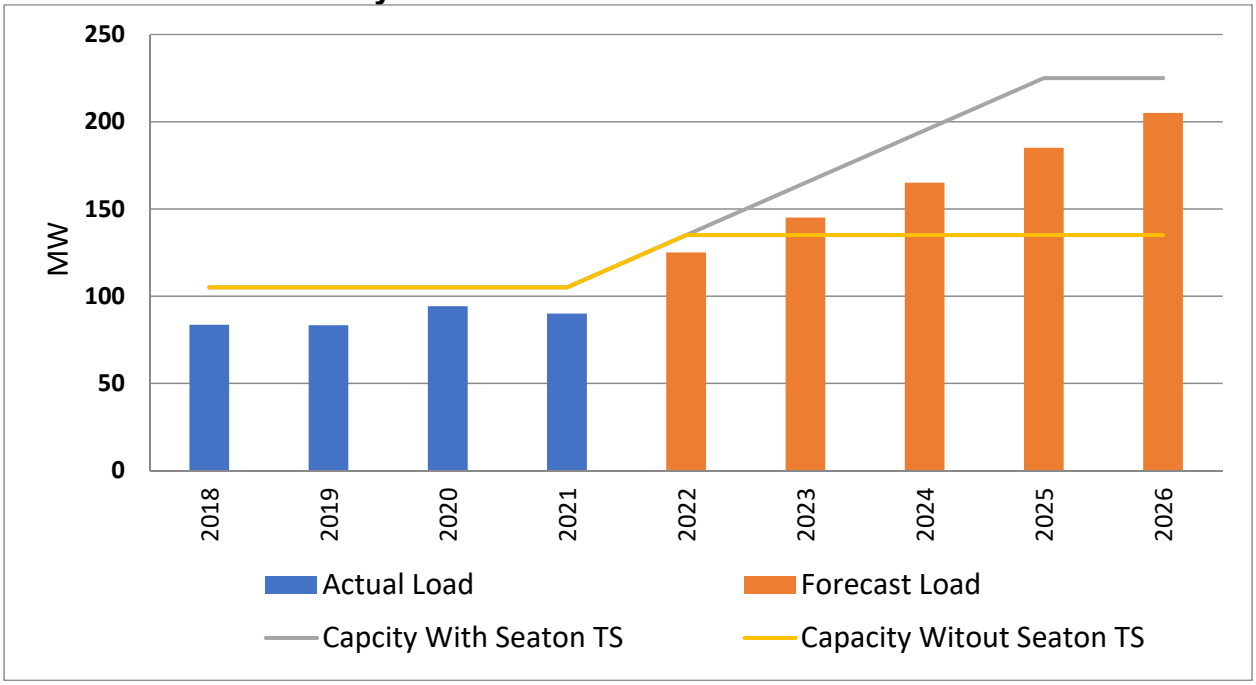
OEB Staff-4 Table 1 below shows the updated load forecast for the Whitby TS 27.6kV system. The load from 2018 to 2021 reflects actual recorded values, while 2022 to 2026 reflects the updated forecasted load calculated based on the methodology used in the 2020 Regional Infrastructure Planning ("RIP") report.

**OEB Staff-4 Table 1 – Whitby TS T1/T2 27.6kV Load Forecast**

| | Actual Load | | | | Forecast Load | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Station** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** |
| **Peak Load(MW)** | 44 | 43 | 50 | 49 | 80 | 90 | 90 | 90 | 90 |
| **LTR (MW)** | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |

The construction of the Seaton TS will also contribute to meeting the demand of the overall 27.6 kV system and increase overall reliability. Figure 1 below displays the load and capacity of the entire Ajax and Pickering 27.6 kV system, and shows that the 27.6 kV system will reach its maximum capacity by 2023 if the Seaton TS is not constructed. The increased capacity in 2022 is the result of energizing the last two feeders from Whitby TS while the capacity increase beyond 2023 is attributed to Seaton TS coming into service.

**OEB Staff-4 Figure 1 – Loading vs Maximum Capacity for Ajax Pickering 27.6 kV System with and without Seaton TS.**




**b) What is the current progress on the new residential developments in the Seaton area?**

Response:

Elexicon has connected approximately 1,000 customers in the Seaton area as of September 2021 which aligns with the City of Pickering's 2020 Population Forecast. Elexicon is actively working with multiple developers to support future phases of residential development in the Seaton area.

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**Reference: GTA East – 2019-2024 Regional Instructure Plan, February 29, 2020, pages 23, 31**
**Reference: DSP, Appendix S-1, page 26**

**Question:**

**The 2019-2024 Regional Instructure Plan noted that "…Seaton MTS is under construction" and is forecasted to be in-service in 2021. This plan was released in 2020.**

**Elexicon's current DSP, dated April 1, 2021, notes that the land for Seaton TS is planned to be bought in 2021 but the start date to the project is unknown.**

**a) Has construction commenced on Seaton TS? If so, when did it start?**

Response:

Elexicon Energy Inc. ("Elexicon") confirms that construction on Seaton TS has started. Construction activities commenced on October 25, 2021.

**b) Please explain the reason for delaying the in-service of Seaton TS from 2021 to 2022.**

Response:

The in-service date of Seaton TS was delayed from 2021 to 2022 as the City of Pickering Site Plan Approval and Building Permit approvals were slower than anticipated. Additionally, the process to secure the land from the landowner, the Province of Ontario, took longer than expected. Elexicon invested considerable time to ensure proper consultation with First Nations, prior to Infrastructure Ontario, representing the Province of Ontario, entering into the license agreement with Elexicon for the station site.

**In the DSP, regarding Seaton TS, Elexicon notes that: "The start date, expenditure timing, and in-service date are uncertain at this time."**

**c) What is the current status of the Seaton TS project?**

Response:

Please see the response to part a) above.

**d) What confidence does Elexicon have that Seaton TS can be placed in-service in 2022? Approximately when in 2022 does Elexicon expect to put Seaton TS in-service?**

Response:

Given that construction has started on Seaton TS, Elexicon expects that the project will be placed in-service by November 2022.

Consistent with the Ontario Energy Board's ("OEB") *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014, Section 7.4 states that, "*at the time of the next cost of service or Custom IR application, a distributor will need to file calculations showing the actual ACM/ICM amounts to be incorporated into the test year rate base. At that time, the Board will make a determination on the treatment of any difference between forecasted and actual capital spending under the ACM/ICM, if applicable, and the amounts recovered through ACM/ICM rate riders and what should have been recovered in the historical period during the preceding Price Cap IR plan term*."

Ratepayers are held harmless for the timing differences referenced in the interrogatory above. Elexicon expects to clear the variance account at the time of its next rebasing.

**e) Is there a risk register for this project? If so, please provide it.**

Response:

Yes, there is a risk register for this project.  It is provided in response to OEB Staff-5, as Attachment A.

# Project Risk Assessment and Mitigation Matrix

**Project Name** Seaton MTS #1
**Project Manager** Craig Smith, Manager, Stations and System Control
**Project Sponsor** Moranne McDonnell, VP, Distribution Operations
**Date Last Updated** 27-Oct-21

| ID | Date Identified | Date Last Modified | Risk | Risk Type | Root Cause | Potential Impact | Probability | Prob Score | Impact | Impact Score | Risk Level | Risk Score | Responsibility | Mitigation Strategies | Comments | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01 | 15-Feb-17 | 14-Sep-21 | Construction delay; in-service delay | Reputational; Financial | Delay receiving SPA, Building Permit and/or TRCA permit | Miss in-service date; contractor claims | Moderate | 0.50 | Major | 0.9 | Medium | 0.45 | IBI/Elexicon | Do not issue Notice of Commencement until permits are received to avoid contractor claims. Ensure regular communication with permitting agencies on status of permits. | All permits obtained as of September 2021 | Closed |
| 02 | 15-Feb-17 | | In-service delay | Reputational; Financial | Deficiency in application to IESO | Delays from HONI/IESO approvals could cause delay in energization | Unlikely | 0.30 | Minor | 0.3 | Low | 0.09 | All | Submit the application as early as possible to allow for revisions to application if needed; use consultant (CIMA) to review application prior to submission; noted on Master Schedule as a dependency to energization | | Open |
| 03 | 15-Feb-17 | 14-Sep-21 | Design delay | Construction/Reputational/Financial | EA late | Design and construction delay; potential design extras | Unlikely | 0.30 | Minor | 0.3 | Low | 0.09 | Elexicon | | EA complete | Closed |
| 04 | 15-Feb-17 | 01-Oct-21 | Project Delay | Construction/Reputational | Property Acquisition | Overall delay | Unlikely | 0.30 | Moderate | 0.5 | Medium | 0.15 | Elexicon | Regular communication with IO to execute agreements. | Sept 14- Per Ash Kothiyal at IO (Aug 17), they will honour land cost at $300,000 per acre. ($400k * 0.75 factor for easements). Temp licences now executed. | Closed |
| 05 | 15-Feb-17 | | Energization delay and contractor delay claims | Construction/Financial | Manufacturing Delay | Late delivery of prepurchased equipment could cause valid delay claims | Unlikely | 0.30 | Major | 0.9 | Medium | 0.27 | Elexicon | Timely tendering of prepurchased equipment. Ensure sufficient advance notice given to ensure timely delivery to site. Add as dependency to Master Schedule to track ordering dates. | | Open |
| 11 | 18-Jul-17 | 08-Nov-18 | CCRA not signed with HONI | Construction/Reputational/Financial | Veridian not accepting full costs for TX rebuild are on project alone | No transmission line rebuild done by HONI, no supply ready for Seaton MTS in time | Unlikely | 0.30 | Major | 0.7 | Medium | 0.21 | Elexicon | Update: Nov 8, 2018- CCRA signed with HONI. Risk eliminated | | Closed |
| 06 | 15-Feb-17 | 01-Oct-21 | In-service delay | Construction/Reputational/Financial | Weather | Design delay | Unlikely | 0.50 | Moderate | 0.5 | Medium | 0.25 | Elexicon | Allow sufficient time for construction. June 1, 2020- Final design step to be completed once buffer areas are understood from burial investigation. Sept 14- IBI using latest buffer dimensions from archaeologists at WSP in SPA submission in early Sept. | Design completed, risk eliminated | Closed |
| 07 | 15-Feb-17 | 01-Oct-21 | Budget overruns | Financial | Fluctuating currency, scope creep | Market conditions (including exchange rates) could affect projected budget. | Unlikely | 0.30 | Moderate | 0.5 | Medium | 0.15 | Elexicon | Follow competitive purchasing to ensure best pricing. Monitor project expenditures closel and ensure any additional costs are warranted prior to authorizing. | March 9, 2020- All significant purchases have been completed or quoted. | Open |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 08 | 15-Feb-17 | 01-Oct-21 | Design cost overruns | Financial | Information not provided in timely manner | Delays in providing information can lead to work being completed multiple times | Unlikely | 0.30 | Minor | 0.3 | Low | 0.09 | Elexicon | Pace design progress with receipt of archaeological information to reduce design rework | Design completed, risk eliminated | Closed |
| 09 | 09-Jun-17 | 01-Oct-21 | Potential Loss Of Collaboration With Halton Hills GIS Switchgear Tender | Financial | Spec from IBI not ready in time for joint RFP issue | Loss of group discount, and opportunity for collaborative effort. | Unlikely | 0.10 | Minor | 0.3 | Low | 0.03 | IBI | Ongoing communication with Halton Hills to coordinate procurement | Procurement successful to result in savings to project | Closed |
| 10 | 09-Jun-17 | | IBI Project Management | Construction/Reputational/Financial | Weak PM skills | Communication/Schedule | Unlikely | 0.30 | Major | 0.9 | Medium | 0.27 | IBI | Secure new PM | New PM secured; risk resolved | Closed |
| 11 | 16-Oct-17 | 01-Oct-21 | Project Delay | Construction/Reputational/Financial | Archaeological Findings | Design Delay, additional costs for Stage 3 & Stage 4 Arch reports, potential additional costs for mitigation, potential additional costs for relocation of station site | Moderate | 0.90 | Minor | 0.5 | Medium | 0.45 | Elexicon | Update project schedule to determine new cosntruction start date; review updated load forecasting to ensure existing system capacity until TS is in service. Estimate additional costs related to archaeology and cover from contingency allowance. | Archaeological work complete. Station redesign work complete. | Closed |
| 12 | 11-Apr-19 | 01-Oct-21 | Construction delay | Construction/Reputational | HONI TX Work Completion | Delays from HONI Construction of TX connection to Seaton | Unlikely | 0.30 | Minor | 0.3 | Low | 0.09 | Elexicon/HONI | Include on Master Schedule as a dependency; identify Earliest Start for HONI to complete tap line work to minimize risk of delaying energization | All work complete except tap line. | Open |
| 13 | 14-Sep-20 | 01-Oct-21 | Construction delay; in-service delay | Reputational; Financial | Archaeological | Human remains identified- has added significant additional fieldwork, consultation and reporting to the project costs and schedule. Buffer area to be determined poses risk to current station layout. | Likely | 0.70 | Moderate | 0.5 | Medium | 0.35 | Elexicon | Expedite report completion to confirm acceptance of burial site buffer. Adjust station layout as required. Update schedule. Check load forecasting to ensure revised in-service date keeps pace with current pace of development which has been slower than anticipated. | Buffer limits determined. Station redesign work completed | Closed |
| 14 | 06-Nov-20 | 01-Oct-21 | Construction delay | Construction/Financial | Excess excavated soils | Potential timing and cost impact from need to find appropriate location for soil disposal/storage following foundation excavations | Likely | 0.70 | Minor | 0.3 | Medium | 0.21 | Elexicon | Complete chemical analysis to confirm disposal options and costing. Consult with FN, TRCA and CoP to confirm no concerns removing soil offsite; ensure costs are carried in GC contract | Excess soils can be disposed off site per chemical analyses, FN consultation and permission from City of Pickering. Disposal fees included in GC costs. | Closed |
| 15 | 06-Nov-20 | 01-Oct-21 | Financial Recovery Risk | Financial | Project completion in Q4 2022 | Potential Risk of not recovering costs for all 12 months of 2022, if station not inservice until Nov 2022 | Moderate | 0.30 | Moderate | 0.5 | Medium | 0.15 | Elexicon | n/a - OEB decision | | Open |
| 16 | 26-May-21 | 01-Sep-21 | Construction delay | Reputational; Reliability; Financial | Delay executing Site Disposition Agreement | Site Disposition Agreement was an unforseen process to the project approvals phase. | Moderate | 0.50 | Major | 0.7 | Medium | 0.35 | Elexicon | Site Disposition Agreement relates to burial site. Project was relocated away from burial site to mitigate this risk. Obtain legal advice to negotiate with IO and MGCS to obtain temporary license while SDA is executed. Obtain First Nations support with proposed approach to ensure no concerns. | Support received from all First Nations who responded. Documentation provided to MGCS and IO. Elexicon to continue to support IO and MGCS through SDA process to provide continuity in consultation with First Nations. Licenses for construction obtained and several Field Liasion Agreements executed with First Nations. | Closed |
| 17 | 01-Sep-21 | | In-service delay | Reputational; Reliability; Financial | Prolonged adverse weather | Prolonged adverse weather pushes in-service date to 2023 | Unlikely | 0.30 | Minor | 0.1 | Low | 0.03 | Elexicon | Current load forecasting shows existing system will still have capacity beyond end of 2022. Obtain regular updates on load forecasting from engineering; provide regular updates to Finance team if 2022 in-service date will not be achieved. | | Open |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 | 01-Sep-21 | | Ownership risk | Reputational; Reliability | Vs HO owned. Operation, maintenance, emergency response, equipment failure | Longer restoration times; Loss of Supply metrics | Moderate | 0.50 | Major | 0.7 | Medium | 0.35 | Elexicon | Ensure personnel and equipment are trained and available. Job training materials and training, power restoration plan updated, in advance of TS being energized. | | Open |
| 19 | 01-Sep-21 | 27-Oct-21 | In-service delay | Reputational; Reliability; Financial | Prolonged shutdown due to COVID outbreak | Pushes in-service date to 2023 | Unlikely | 0.30 | Minor | 0.3 | Low | 0.09 | Eptcon | Ensure General Contractor has COVID transmission prevention plans include in site safety. Elexicon contractors must comply with Nov 1/21 vaccine policy. | | Open |
| 20 | 01-Sep-21 | | Ownership risk | Reputational; Reliability; Financial | Ongoing O&M costs are not adequately budgeted for | Increased risk of equipment failure from inadequate inspection/maintenance | Unlikely | 0.30 | Major | 0.5 | Medium | 0.15 | Elexicon | Ensure in OM&A budget. Emergency response plans. Spare parts up to and including a third power transformer need to be considered. | 200k/yr estimated in June 2015 memo to board. Spare transformer purchased as recommended. | Open |
| 21 | 01-Sep-21 | | In-service delay | Reputational; Reliability; Financial | Equipment stored at remote locations are not delivered in time to meet energization schedule | Pushes in-service date to 2023 | Unlikely | 0.10 | Minor | 0.3 | Low | 0.03 | Elexicon | Ensure adequate delivery time. Add as dependencies to Master Schedule, and check in with suppliers leading up to delivery being scheduled to ensure no significant delays will occur. | Switchear in Montreal. Transformers in Winnipeg. | Open |
| 22 | 01-Sep-21 | | Budget | Financial | Unfavourable soils are encountered during construction | Added costs to remediate soil/replace with engineered soils, dispose of offsite | Unlikely | 0.10 | Minor | 0.3 | Low | 0.03 | Elexicon | Extensive soil testing has been completed at the site, therefore risk of extensive issues is low. If encountered, quickly delineate extent of issue and consider various options to mitigate depending on the nature of unfavorability, to select the highest ranked option | | Open |
| 23 | 01-Sep-21 | | Budget | Financial | Schedule creep pushes critical elements of work into unfavorable weather conditions | Increased project costs | Unlikely | 0.10 | Moderate | 0.3 | Medium | 0.03 | Elexicon | Monitor construction progress against schedule in conjunction with weather forecasts to avoid additional costs by expediting select elements of work where a cost benefit can be demonstrated | | Open |
| 24 | 01-Sep-21 | | Construction delay | Reputational | Non-responsive First Nation community objects to construction | Pushes in-service date to 2023 | Unlikely | 0.10 | Minor | 0.5 | Low | 0.05 | Elexicon | Continue to pursue Field Liaison agreements with all 10 caretaker First Nations. Continue to provide updates and offers to participate in the project, and assist in the successful execution of the SDA. | MSIFN have indicated interest in Field Liaison monitorfing but do not have internal structure to support this. Meet with MSIFN to better understand needs to accommodate this. Six Nations unavailable to monitor but has requested to continue to be updated. | Open |
| 25 | 15-Sep-21 | | Construction delay | Financial | TD Line of Credit increase denied or delayed | Pushes in-service date to 2023 | Unlikely | 0.10 | Minor | 0.3 | Low | 0.03 | Elexicon | Provide TD Reputational Risk Committee with required documentation to confirm consultation with First Nations | Complete | Closed |
| 26 | 01-Feb-19 | 30-Jun-21 | Construction delay | Reputational, Financial | Power Transformers not available, due to bushing concerns | Delay to inservice date | Moderate | 0.50 | Major | 0.7 | Medium | 0.35 | Elexicon | Testing completed successfully. Risk eliminated. | | Closed |

**OEB STAFF – 6**

**Reference: Appendix B, pages 6**

**Question:**

**Elexicon VRZ's 2022 net capital expenditures is significantly higher than historical years. Even if the $40.8M cost of Seaton TS is removed, Elexicon VRZ's 2022 net capital expenditures would be $39.5M. This amount is $12.0M (44%) higher than Elexicon VRZ's five-year historical average spending (2017-2021) of $27.5M.**

**In particular, OEB staff notes that Elexicon VRZ's 2022 system renewal spending of $21.2M is $8.3M (64%) higher than the five-year historical average (2017-2021) of $8.3M.**

**a) Has Elexicon made any adjustments or deferrals to its capital spending in 2022 (particularly in system renewal) to help levelize or reduce the significant increase in 2022 capital spending?**

Response:

Yes, system investment adjustments are an important part of Elexicon Energy Inc.'s ("Elexicon") planning process; 2022 is not an exception to this process. Elexicon's 2022 capital forecast is a result of systematic adjustments driven by system needs identified by the Asset Condition Assessments ("ACA") and the Asset Replacement Plan ("ARP"). This is particularly impactful to system renewal investments. Continuing to spend the historical average on system renewal would not be in accordance with good utility practice, in light of the ACA and ARP results provided in Appendix F and Appendix G of the Distribution System Plan ("DSP"), respectively.

A simple historical average between 2017-2021 includes in that averaging methodology years where system renewal spending was unexpectedly slowed due to the impact of the COVID-19 pandemic. Consequently, a five year historical average is not a reasonable comparator to a plan for 2022 and into the future. Further, two of the years in the specified five year range were prior to the amalgamation of Veridian Connections Inc. and Whitby Hydro Electric Corporation**.** The years 2017 and 2018 were subject to the decision making of a different Management team. Therefore, a straight five year historical average is not informative in the context of the current application.

Elexicon follows a rigorous capital planning process that begins with the identification of system needs and the creation of a project scope to address those needs. The project scope documents outline key information such as: drivers; scope of work; costs; benefits; alternatives; and priority. A priority score is calculated for each project and used to prioritize Elexicon's overall budget. The budget prioritization process is a multi-phase, multi-criteria approach that objectively and consistently ranks budget items using quantitative and qualitative methods. It allows Elexicon to assess the risk associated with projects and ensure alignment with Asset Management objectives that are consistent with OEB's *Renewed Regulatory Framework* ("RRF"). The details of the process are presented in the Distribution System Plan, Section 5.4.1 (b). Elexicon completes this process annually and makes adjustments throughout the year as its needs evolve.

Elexicon is not seeking rate recovery for its incremental system renewal expenditure in this Application. Further, and by way of hypothetical example, even if the system renewal budget is levelized to a historical average for 2022, Elexicon's 2022 capital plan for the Veridian Rate Zone is still well above the ICM materiality threshold of $18.8MM.

**b) Please explain why Elexicon's system renewal budget is significantly higher in 2022 as compared to the historical average.**

Response:

The variability in the system renewal budget is attributed to Substation Renewals that include stations transformers and breakers requiring attention that exceed their typical useful life ("TUL") and are in Poor or Very Poor condition.

Since the Substations Renewals are large capital-intensive investments, there will be variability year over year. However, they are paced prudently based on system needs along with information on allocation based on the historical average. The 2022 station expenditures are in line with previous spending in 2019 which was also mostly related to stations renewal as identified in OEB Staff-6 Table 1. A large number of renewal projects from 2020 were also deferred to 2021 and 2022, due to the unprecedented situation that arose from COVID-19, further strengthening the need to concentrate on priority station renewal investments.

***Staff-6 Table 1: Comparison of Historical (Reallocated) and Forecast System Renewal Gross Expenditures ($000s) – Distribution System Plan[1]***

| Program | 2016 | 2017 | 2018 | 2019 | 2020 * | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Substation Renewal | 3,748 | 3,902 | 3,441 | 7,518 | 2,970 | 7,079 | 9,404 | 2,644 | 860 | 3,460 | 810 |
| Voltage Conversions - Reliability | - | 8 | - | 426 | 685 | 531 | 900 | 2,329 | 3,318 | 2,781 | 4,300 |
| Renewal Programs - Poles | 2,028 | 1,945 | 1,907 | 6,484 | 1,565 | 1,200 | 2,400 | 2,200 | 2,096 | 2,390 | 4,640 |
| Renewal Programs - Distribution Transformers | 532 | 1,016 | 2,059 | 849 | 475 | 1,078 | 1,302 | 1,870 | 1,741 | 1,741 | 1,741 |
| Renewal Programs - Switches/Switchgears | 1,556 | 1,740 | 1,651 | 1,924 | 1,796 | 1,317 | 1,525 | 1,595 | 2,125 | 2,125 | 2,125 |
| Renewal Programs - Others | 744 | 596 | 670 | 447 | 1,133 | 951 | 771 | 741 | 991 | 991 | 991 |
| Renewal Programs - Rebuilds | 5,416 | 5,551 | 5,282 | 5,475 | 2,598 | 5,645 | 5,296 | 8,297 | 6,928 | 2,729 | 1,329 |
| Renewal Programs - Reactive | 3,544 | 2,606 | 2,417 | 2,281 | 2,333 | 1,865 | 1,842 | 1,813 | 1,820 | 1,820 | 1,820 |
| Total | 17,568 | 17,365 | 17,427 | 25,043 | 13,555 | 19,667 | 23,441 | 21,490 | 19,878 | 18,037 | 17,756 |

** In 2020, during the COVID-19 pandemic, much of the system renewal work was deferred to protect the health and safety of staff, and Elexicon focused primarily on reactive replacements and emergency maintenance. As such, the 2020 spending under COVID-19 has skewed the overall historical average results and thus is not an accurate indicator to define level of spending for future years.*

[1] *Based on Table 5.4-18 of the DSP (Page 194)*

**OEB STAFF – 7**

**Reference: Appendix B, pages 11-13**

**Question:**

**Elexicon's preferred option 1 for Seaton TS is to construct 12 feeders. By comparison, option 10 proposes to construct two initial feeders with two additional feeders installed every two years thereafter until there is a total of 8 feeders.**

**a) Please explain why Elexicon is opting to construct four additional feeders under option 1 and why option 1 does not consider a staggered approach to adding new feeders like option 10.**

Response:

The Seaton TS design uses indoor medium voltage switchgear, which contains the circuit breakers that supply each feeder. Indoor switchgear is typically purchased with all of the planned circuit breakers/feeder positions at the start of the project. This is done to minimize future outages and costs. The egress feeders that connect the station feeder circuit breaker to the distribution system load will be added over time as load materializes. For 2022, Elexicon plans to connect 2 feeders to the new station.

The options summary included in Appendix B (pages 11-13) of Elexicon's 2022 Rate Application, indicates that only 8 feeders are included in the Distribution System Plan attachment-Integrated Regional Resource Plan ("IRRP") – Pickering-Ajax-Whitby Sub Region dated June 30, 2016, page 40. The options summary in Appendix B should have stated 10 feeders were included in this option, as was indicated in the original IRRP document. In the IESO analysis included in the IRRP, it indicates that a uniform feeder loading of 15.5MW is assumed. Elexicon's planning assumptions for the Seaton Transformer Station did not assume uniform loading and included two additional feeders

(for total of twelve) to accommodate operational flexibility to take feeders out of service when necessary and to accommodate non-uniform feeder loading. This planning approach is consistent with that of Hydro One Networks Inc. and that of other Ontario distributors.

The Option 1 design is based on purchasing the medium voltage switchgear with all 12 feeder positions, but staggering the connection to the load over time only when capacity is required.

**b) Please discuss why it is prudent to install 12 new feeders, particularly when new customers and load have not materialized in the Seaton area as originally forecasted.**

Response:

As stated in the response to part a) above, the station will be built with 12 feeder circuit breakers, but they will only be connected to the load over time as new load materializes.

**OEB STAFF – 8**

**Reference: DSP, Appendix S-1, page 6, 27**

**Question:**

**Seaton TS will be owned and operated by Elexicon. As noted in the DSP, this is a new venture with additional complexity due to this being the first transformer station exclusively owned by Elexicon.**

**a) Was the option of a Hydro One Networks Inc. (HONI) owned transformer station considered? Why or why not?**

Response:

The option of a Hydro One Networks Inc ("HONI") owned transformer station was considered as part of the initial business case for Seaton TS. This option was identified in Section 3.6 Transformer Station Connection Options and Section 5.0 Economic Evaluation. The business case has been filed in response to SEC-2. The option of HONI station ownership was included in order to appropriately understand the financial impacts on Elexicon's customers for both possible ownership options (i.e., Elexicon-owned versus HONI-owned).

**b) If a HONI owned transformer station was a possible option, please discuss how the benefits of an Elexicon owned transformer station outweigh the additional costs of operating and maintaining a transformer station.**

Response:

The benefits of an Elexicon-owned transformer station are discussed in the filed initial business case that has been included in the response to SEC-2. Section 5.0 Economic Evaluation evaluates the potential financial benefits of an Elexicon owned transformer station. As identified in Section 5.0, clear and continuing financial advantages for Elexicon and Elexicon's customers are expected from an Elexicon constructed, owned and operated station versus a HONI constructed, owned and operated station.

These advantages include expected lower capital costs to construct the project, as well as avoidance of payment of transformation charges for the life of the facility. This finding is not unique to Elexicon's Seaton TS project and the customer and utility benefits of LDC station construction, ownership and operation have been demonstrated in many other LDC Transformer station projects, including but not limited to those constructed by Halton Hills Hydro, Oakville Hydro and Festival Hydro. Elexicon does expect approximately $0.2MM per year in additional operating and maintenance costs with the addition of Seaton TS. However, the overall financial benefit to customers and Elexicon of transformer station ownership by Elexicon greatly outweighs the costs to operate and maintain the facility.

**OEB STAFF – 9**

**Reference:**
**Ref: ICM Model, Tab 9b**
**Ref: Kinetrics' Asset Depreciation Study for the Ontario Energy Board, July 8, 2010**

**Question:**

**Under the line item "Seaton TS – Station Building", Elexicon has used a useful life of 25 years to calculate the amortization on this asset class.**

**a) Per the Kinetrics report, the range of useful lives for station buildings is 50-75 years. Please provide justification for the deviation from the report in useful life.**

Response:

Elexicon has reviewed the useful life of the Seaton TS – Station Building and agrees that it should be changed to 50 years to align with the Kinectrics report. An updated version of the ICM model is included as an attachment to this IR.
*EE_VRZ_2022_ACM_ICM_Model_OEB Staff-9_20211108.xlsm*

In addition, the ICM model has also been revised to reflect updated cost estimates related to Seaton TS. These changes are as follows:

1. Land - decreased from previously estimated $1,400,000 to $1,186,000 to reflect the actual purchase price;
2. Transformer – decreased from $23,388,885 to $19,313,000 to remove certain components and appropriately move them into other accounts to better reflect their depreciation. As a result, the following components have been removed from the Transformer costs and placed into:

| | | |
|---|---|---|
| i. | Poles, Tower & Fixtures | $ 550,000 |
| ii. | Overhead Conductor and Devices | $ 400,000 |
| iii. | Underground Conduit | $ 250,000 |
| iv. | Underground Conductor and Devices | $ 250,000 |
| v. | SCADA | $2,500,000 |

While these changes mostly affect the depreciation schedule for some of the components, the overall budget remains the same at $40,762,000. These revisions lead to a decrease in total revenue requirement for both ICM projects from $3,769,644 to $3,683,510 and results in a lower service charge rate rider for customers.

**OEB Staff-9 Table 1: Change in Rate Riders**

| | | Previously | | Revised | |
|---|---|---|---|---|---|
| **Rate Class** | **Unit** | **Service Charge Rate Rider** | **Volumetric Rate Rider** | **Service Charge Rate Rider** | **Volumetric Rate Rider** |
| Residential | kWh | $ 1.80 | $ - | $ 1.76 | $ - |
| Residential Seasonal | kWh | $ 3.29 | $ - | $ 3.22 | $ - |
| GS <50kW | kWh | $ 1.17 | $ 0.0012 | $ 1.14 | $ 0.0011 |
| GS >50kW | kW | $ 7.47 | $ 0.2304 | $ 7.30 | $ 0.2251 |
| GS 3,000-4,999kW | kW | $ 392.35 | $ 0.1459 | $ 383.39 | $ 0.1426 |
| Large Use | kW | $ 589.39 | $ 0.2055 | $ 575.93 | $ 0.2008 |
| Unmetered Scattered Load | kWh | $ 0.48 | $ 0.0012 | $ 0.47 | $ 0.0011 |
| Sentinel Lighting | kW | $ 0.31 | $ 0.9489 | $ 0.31 | $ 0.9272 |
| Street Lighting | kW | $ 0.05 | $ 0.2595 | $ 0.05 | $ 0.2535 |

Elexicon has also updated the VRZ 2022 Rate Generator Model to reflect these changes to the ICM Model.

*EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-25_20211108.xlsb*

**OEB STAFF – 10**

**Reference: Appendix B-1**

**The estimated net CAPEX for the BRT relocation project is $3.38 million.**

**Question:**

**a) Please explain how Elexicon created the estimate for this project.**

Response:

Estimate for BRT was prepared using the unit costs of installation of major assets and applying these unit costs to the estimated quantities to determine the total cost. The quantities/scope is determined from the preliminary engineering design based on the project specifications and civil drawings provided by the owners' consultant. The customer contributions to this project were negotiated with and agreed upon, by the Region of Durham. The cost breakdown for the BRT Project using the most up to date data is shown in Table 1.

# OEB Staff-10 Table 1: BRT Hwy 2 Project Estimate

| BRT Hwy 2 - Estimate | | | | | |
|---|---|---|---|---|---|
| **Description** | **Units** | **Unit Price** | **Total** | **Region of Durham Contribution** | **Elexicon Energy Net** |
| Engineering | 1 | $ 500,000.00 | $ 500,000.00 | $ - | $ 500,000.00 |
| Install Wood Pole (four circuit) | 2 | $ 17,000.00 | $ 34,000.00 | $ 17,000.00 | $ 17,000.00 |
| Install Wood Pole (three circuit) | 20 | $ 15,000.00 | $ 300,000.00 | $ 150,000.00 | $ 150,000.00 |
| Install Wood Pole (two circuit) | 17 | $ 13,000.00 | $ 221,000.00 | $ 110,500.00 | $ 110,500.00 |
| Install Wood Pole (one circuit) | 8 | $ 11,000.00 | $ 88,000.00 | $ 44,000.00 | $ 44,000.00 |
| Remove Wood Pole | 43 | $ 500.00 | $ 21,500.00 | $ 10,750.00 | $ 10,750.00 |
| Install 44kV LIS | 1 | $ 85,000.00 | $ 85,000.00 | $ 42,500.00 | $ 42,500.00 |
| Install 27.6kV Scadamate | 1 | $ 83,000.00 | $ 83,000.00 | $ 41,500.00 | $ 41,500.00 |
| Three Phase Distribution Riser (600A) | 5 | $ 7,000.00 | $ 35,000.00 | $ 17,500.00 | $ 17,500.00 |
| Three Phase Distribution Riser (200A) | 8 | $ 4,000.00 | $ 32,000.00 | $ 16,000.00 | $ 16,000.00 |
| Install Padmount Switchgear Foundation | 3 | $ 5,000.00 | $ 15,000.00 | $ 7,500.00 | $ 7,500.00 |
| Install Padmount Switchgear | 8 | $ 114,000.00 | $ 912,000.00 | $ 42,000.00 | $ 870,000.00 |
| Remove Padmount Switchgear | 7 | $ 4,800.00 | $ 33,600.00 | $ 16,800.00 | $ 16,800.00 |
| 1/0 28kV Cable (m) | 1020 | $ 25.00 | $ 25,500.00 | $ 12,750.00 | $ 12,750.00 |
| 500MCM 600V Cable (m) | 1360 | $ 48.00 | $ 65,280.00 | $ 32,640.00 | $ 32,640.00 |
| 1000MCM 28kV Cable (m) | 4080 | $ 180.00 | $ 734,400.00 | $ 367,200.00 | $ 367,200.00 |
| 1000MCM 46kV Cable (m) | 2970 | $ 180.00 | $ 534,600.00 | $ 267,300.00 | $ 267,300.00 |
| Installing Underground Primary Cable (m) | 9430 | $ 18.00 | $ 169,740.00 | $ 84,870.00 | $ 84,870.00 |
| Removing Underground Primary Cable (m) | 9250 | $ 18.00 | $ 166,500.00 | $ 83,250.00 | $ 83,250.00 |
| 4000MCM 46kV Splice | 12 | $ 2,000.00 | $ 24,000.00 | $ 12,000.00 | $ 12,000.00 |
| 4 Duct Concrete Encased Structure (m) | 140 | $ 250.00 | $ 35,000.00 | $ 17,500.00 | $ 17,500.00 |
| 8 Duct Concrete Encased Structure (m) | 110 | $ 325.00 | $ 35,750.00 | $ 17,875.00 | $ 17,875.00 |
| 12 Duct Concrete Encased Structure (m) | 50 | $ 550.00 | $ 27,500.00 | $ 13,750.00 | $ 13,750.00 |
| 16 Duct Concrete Encased Structure (m) | 120 | $ 725.00 | $ 87,000.00 | $ 43,500.00 | $ 43,500.00 |
| 20 Duct Concrete Encased Structure (m) | 50 | $ 900.00 | $ 45,000.00 | $ 22,500.00 | $ 22,500.00 |
| 24 Duct Concrete Encased Structure (m) | 130 | $ 1,125.00 | $ 146,250.00 | $ 73,125.00 | $ 73,125.00 |
| Additional Civil Construction Labour (lump) | 1 | $ 40,000.00 | $ 40,000.00 | $ 20,000.00 | $ 20,000.00 |
| Distribution Switching Labour (5 person crew per day) | 20 | $ 7,000.00 | $ 140,000.00 | $ 70,000.00 | $ 70,000.00 |
| Inspection Services (per day) | 40 | $ 680.00 | $ 27,200.00 | $ 13,600.00 | $ 13,600.00 |
| Traffic Control (per day) | 40 | $ 2,400.00 | $ 96,000.00 | $ 48,000.00 | $ 48,000.00 |
| Boulevard, Curb, Asphalt, Sidewalk Restoration | 1 | $ 50,000.00 | $ 50,000.00 | $ 25,000.00 | $ 25,000.00 |
| Three Phase In-Line Disconnect Switch | 3 | $ 2,500.00 | $ 7,500.00 | $ 3,750.00 | $ 3,750.00 |
| **SubTotal** | | | **$ 4,817,320.00** | **$ 1,744,660.00** | **$ 3,072,660.00** |
| **Contingency (10%)** | | | **$ 481,732.00** | **$ 174,466.00** | **$ 307,266.00** |
| **Total** | | | **$ 5,299,052.00** | **$ 1,919,126.00** | **$ 3,379,926.00** |

**Question:**

**b) Has Elexicon benchmarked the costs of the relocation project against other similar sized projects? What steps has Elexicon taken to ensure that the amount of forecasted costs is appropriate?**

Response

Elexicon benchmarks the costs of road relocation projects against other comparable projects it has completed in the past. The following is an example of a cost comparison of overhead relocations projects based on major asset class (poles), where the number of poles provides an understanding of the scope and scale of each project.

**OEB Staff-10 Table 2: Costs from Previous Overhead Relocation Projects**

| Budget number | Budget name | Project number | Project Name | Cost | number of poles |
|---|---|---|---|---|---|
| 2013-0502 | Westney Road ( Magill x Rossland) | ACA.15.0164 | Westney Road - Spraggings Lane Riser | $26,972.26 | 1 |
| 2013-0502 | Westney Road ( Magill x Rossland) | ACA.15.0165 | Westney Road - Hearne Cres. Riser | $30,367.80 | 1 |
| 2013-0506 | Hwy #407 - Relocations (Brock Road x SL 16) | ARR.12.0006 | Hwy#407 & Brock Rd Relocations (Area's #2 & #3). | $576,241.36 | 28 |
| 2013-0502 | Westney Road ( Magill x Rossland) | ARR.12.0010 | Westney Road Widening, Phase 1 | $1,050,623.09 | 46 |
| 2014-0515 | Ajax - Hwy #407/401 Link Road (Hwy# 2 x Bayly)- PERM | ARR.14.0104 | 401 & Lakeridge Permanent Crossing | $1,668,202.88 | 31 |
| 2014-0516 | Whitevale Bridge-relocations | ARR.14.0105 | Whitevale Bridge Restoration | $28,185.39 | 3 |
| 2015-0508 | Golf Club Road Pole Relocations | ARR.15.0101 | Golf Club Road Relocation | $78,306.85 | 7 |

Following are some of the design considerations when determining a project scope and related costs:

- Overhead pole line work is estimated based on size, height, circuit configuration requirements as well as installation methods.

- Underground structures are estimated based on required number of ducts, trench type, ampacity requirements and physical boulevard capacity.
- Switchgear replacement costs are based on the unit type plus installation costs.
- Estimated costs involved with the required distribution switching are based on construction crew time and coordination with the System Control Center (SCC).

The BRT is unique in comparison to many road relocations projects undertaken by Elexicon in the past, as the majority of the work associated with BRT involves underground assets and projects primarily involving underground infrastructure are significantly more costly (on average 3 – 5 times) compared to equivalent overhead builds. BRT has the largest net cost of any road relocation project in the history of Elexicon, or either of its processors (Please see Elexicon's response to Staff-11 for a more thorough explanation of the uniqueness of the BRT project).

In the absence of a direct comparison with a similar full scope project, Elexicon has compared the estimated unit costs of major assets from past projects. The unit cost estimate is composed of labour, materials, vehicles, and subcontractor costs as shown in the examples in Table 3.

## OEB Staff-10 Table 3: Examples of Historical Unit Costs

| Major Assets / Installation | Cost Per Unit | Project # | Job # | Year | Actual Costs | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Labour | Material | Vehicles | Subcontractor | Other |
| SCADA Load Interrupter Switch | $ 82,660.05 | 2016-5508 | ACA.16.0213 | 2017 | $29,641.08 | $ 42,755.37 | $7,289.27 | $ 1,905.33 | $ 1,069.00 |
| SCADA Switchgear | $ 113,950.36 | 2015-5510 | ACA.15.0105 | 2017 | $11,126.90 | $101,353.21 | $1,470.25 | $ - | $ - |
| PAD Transformer | $ 20,134.49 | 2017-5515 | ACA.15.0143 | 2017 | $ 6,850.62 | $ 12,407.87 | $ 141.50 | $ - | $ 734.50 |
| MANUAL Switchgear | $ 76,325.56 | 2017-5514 | ASP.16.0141 | 2017 | $21,818.99 | $ 54,417.32 | $ 89.25 | $ - | $ - |
| Submersible Transformer | $ 157,878.45 | 2016-5515 | ACA.15.0193 | 2017 | $44,696.15 | $ 47,736.71 | $7,018.50 | $ 58,270.00 | $ 157.09 |

In order to ensure that the forecasted costs are appropriate, the quantities are based off project specifications and design drawings, provided by the owners' consultant. This allows Elexicon to consider factors such as road topography, surrounding builds, and proximity of above and below grade infrastructure, all of which can affect the scope and scale of the relocation work. Any change in the customer requirements are duly accounted for through a review of the original scope and related cost impacts.

**OEB STAFF – 11**

**Reference: DSP, page 196, 206, 215**

**OEB staff notes that Elexicon has had similar, or in some cases larger, capital expenditures related to road relocations in historical years:**

- **Page 196 shows that Elexicon had $23.05 million in road relocations in 2021 vs. $5.54 million in 2022.**
- **Page 206 notes that Elexicon has an average historical spending of $7.84 million on road relocations.**
- **Page 215 has a table which shows that, on a net basis, Elexicon spent $3.87 million in 2021 on road relocations and is forecasted to spend $3.59 million in 2022.**

**Question:**

a) **Please explain the need for incremental capital funding for the BRT road relocation when this appears to be the only significant road relocation planned for 2022, and Elexicon has historically been able to fund similar or larger road relocation projects through base rates.**

Response:

In its application, Elexicon Energy Inc. ("Elexicon") has demonstrated that the BRT road relocation project is a discrete and incremental project that satisfies the eligibility criteria of materiality, need and prudence needed for ICM funding.

The BRT road relocation project is also the largest single road relocation project Elexicon has seen since 2014. It represents nearly 4% of Elexicon's planned net capital expenditures for 2022. The size, scale and complexity of this project makes it a strong candidate for an ICM. In the absence of incremental funding, it limits Elexicon's ability to invest in unforecasted road relocation projects that are non-discretionary. Further, it forces Elexicon to divert funding from other categories.

In addition to ongoing capital expenditure in other categories, Elexicon has absorbed a major incremental project, the new Belleville operations centre. The Belleville Operations Centre was required as the current lease on Elexicon's existing building in Belleville is expiring and the owner, the City of Belleville, now requires that location for its operations and is unable to extend the lease. It is not sustainable for Elexicon to continue absorbing material incremental costs into base rates without negatively impacting Elexicon and its customers.

Since the DSP filing, the Metrolinx electrification project has been deferred to 2022, materially increasing the volume of road relocation projects in 2022. Table 2 below shows the updated forecast for 2022 Third-Party Infrastructure Development Requirements.

When Elexicon was formed in 2019, the OEB approved a ten-year rebasing deferral period from the closing of the merger transaction. Consequently, the rate plans for Veridian Connections Inc. ("Veridian") and Whitby Hydro Electric Corporation ("Whitby Hydro") would remain in effect until the end of the ten-year period. The most recent rebasing for Veridian and Whitby Hydro occurred in 2014 and 2010, respectively, and the next rebasing of electricity distribution rates is not until January 1, 2029.

At pages 196 and 206 of the DSP, historical and forecast gross expenditures for System Access drivers are provided. The 2021 Road Relocation projects were estimated to be $23.1MM, with $19.7MM paid for by customers. By removing these contributions, Elexicon is left with $5.5MM gross and $3.9MM net for 9 road relocation projects.

In comparison, BRT is a single system access project with a comparable net capital expenditure in 2022. Table 1 below shows a breakdown of Third-Party Infrastructure

Development Requirements, as presented in the DSP. The net expenditure in this category aligns with other years.

***OEB Staff-11 Table 1: 2021-2022 Third-Party Infrastructure Development Requirements***

| | 2021 (in $MM) | 2022 (in $MM) |
|---|---|---|
| Third-Party Infrastructure Development Requirements - Gross | $23.05 | $5.54 |
| Metrolinx Electrification (100% funded with Capital Contributions) - Gross | $17.54 | $5.24 |
| Remainder of Third-Party Infrastructure Development Requirements - Gross | $5.51 | $0.30 |
| Capital Contributions | $1.63 | $0.09 |
| Remainder of Third-Party Infrastructure Development Requirements - Net | $3.87 | $0.21 |

Since the DSP filing the Metrolinx Projects scheduled in 2021 have been deferred to 2022. Table 2 below shows the updated forecast for 2022 Third-Party Infrastructure Development Requirements.

***OEB Staff-11 Table 2: Updated 2021-2022 Third-Party Infrastructure Development Requirements***

| | 2021 (in $MM) | 2022 (in $MM) |
|---|---|---|
| Third-Party Infrastructure Development Requirements - Gross | $4.85 | $25.45 |
| 100% funded with Capital Contributions – Gross | $0.12 | $19.5 |
| Remainder of Third-Party Infrastructure Development Requirements - Gross | $4.73 | $5.95 |
| Capital Contributions | $1.32 | $2.25 |
| Remainder of Third-Party Infrastructure Development Requirements - Net | $3.12 | $3.70 |

**OEB STAFF – 12**

**Reference: Appendix B-1, page 13**

**Question:**

**The business case for the BRT relocation project notes that "the project start date, in-service date, and expenditure timing will be dictated by external requirements and are not known at this time."**

**a) What is the current status/progress of this project?**

Response:

Elexicon Energy Inc. ("Elexicon") has issued a design package to the Region of Durham for review and approval. Once design is approved and customer contributions have been received by Elexicon a detailed construction schedule will be put in place with the Region of Durham's project manager to ensure the relocation work is completed in 2022.

In order to have confidence that a System Service project like BRT, which can potentially be impacted by factors beyond Elexicon's control, will commence on time and as per schedule, Elexicon requires a financial commitment from the customer in the form of a purchase order ("PO") to finalize design work and a written confirmation of the schedule. Elexicon has received correspondence from the Region of Durham indicating that this project must be completed in 2022. On September 1st 2021, Elexicon received a PO for this project from the Region of Durham.

**b) Please confirm that this project will be in-service in 2022 and provide the estimated in-service date.**

Response:

Elexicon is scheduled to begin construction work on the BRT relocation project in July of 2022. It is expected to be completed by November 30th, 2022.

**OEB STAFF – 13**

**Reference: VRZ_2022 Rate Generator Model, tab 17**
**EB-2021-0015 Procedural Order No. 2**

**Question:**

**In PO#2 the OEB noted that it may find it necessary to bifurcate the incentive ratemaking aspects of Elexicon's application from the ICM funding requests.**

**a) Please provide a copy of an updated tariff sheet and rate generator model excluding the ICM-related components, in the event that the OEB ultimately finds it necessary to issue separate decisions on these matters.**

Response:

A copy of an updated tariff sheet and IRM Rate Generator model excluding the ICM-related components are included as attachments to this response.

*EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-13_20211108.xlsb*
*EE_VRZ_2022_Tariff of Rates and Charges_OEB Staff-13_20211108.pdf*

Please see OEB Staff-25 which outlines all model updates made prior to removing the ICM-related components.

**OEB STAFF – 14**

**Reference: VRZ 2022 ACM_ICM_Model, Tab 9**

**Question:**

**The ICM model shows the following Net Capital Expenditures for the Seaton TS:**

| | | |
|---|---|---|
| Seaton TS - Land | New ICM | $ 1,400,000 |
| Seaton TS - Transformer | New ICM | $ 23,388,885 |
| Seaton TS - Switchgear | New ICM | $ 1,811,302 |
| Seaton TS - Station Equipment | New ICM | $ 5,411,988 |
| Seaton TS - Station Building | New ICM | $ 8,749,825 |
| **Total** | | **$ 40,762,000** |

**a) Did Elexicon include any consultation cost related to the Seaton TS station project in the above listed net capital expenditures?**

Response:

Yes, consultation costs for Seaton TS are included in the Net Capital Expenditures table. Those costs are contained within the Seaton TS-Transformer line of the table and are eligible capital costs in accordance with IAS 16.16(b). The consultation costs are directly attributable to the Seaton TS project. Without the consultation with Indigenous Communities, Elexicon Energy Inc. ("Elexicon") would not have met its necessary duty to consult obligations under the Class Environmental Assessment ("EA") for Minor Transmission Facilities requirements or the Government of Ontario, Ministry of Heritage, Sport, Tourism and Culture Industries ("MHSTCI") obligations on consulting archaeologists. In the absence of these consultations, Elexicon would not be able to construct Seaton TS.

Consultation efforts with external project stakeholders of the Seaton TS project began as part of this project. Consultation efforts included notification to: residents within 200m of the three potential TS sites: municipal and regional government staff, and First Nations communities, as identified to the Ministry of Energy. Stakeholders were invited to attend Public Information Centres ("PICs") held by Elexicon, working in conjunction with Hydro One Networks Inc. ("HONI"). The purpose of the PICs was to address questions regarding the project and gather input provided by visitors that would inform consideration of the potential sites.

Consultation efforts with First Nations continued past the completion of the EA into Stage 3 and Stage 4 archaeology as well as Burial investigation work, as is required by MHSTCI *Standards and Guidelines for Consulting Archaeologists* (2011).

Elexicon's consultant, WSP, was responsible for both the EA and completion of the additional archaeological investigations. WSP continued to have regular, informal discussions with First Nations representatives, both on-site monitors and with their communities, obtaining their feedback on the ongoing field work as well as gathering their input and comments on the multiple reports produced during the archaeological investigations at the TS site. The cost of consultations for both the stakeholder feedback and for the additional archaeological work are contained within overall process completion costs and not broken out. These costs are immaterial and were not tracked separately.

Not only were the First Nations communities consulted through the process, but they were also offered the opportunity to provide field monitors for the archaeological work undertaken on the Seaton TS project. These monitors were paid for their time and expenses and were able to participate in the work. They provided direct feedback to their communities on the progress of the work, as well as relaying community feedback to the archaeologists, onsite.

This was an invaluable opportunity for Elexicon to work directly with First Nation community members. Elexicon observes that it is a best practice to engage First Nations communities on archaeological projects throughout southern Ontario. Further, many First Nations communities have built capacity to provide representatives to conduct this type of engagement. Costs for the field monitoring provided by First Nations communities were captured separately and are indicated in Elexicon's answer to part b), below.

**b) If so, please provide the total capitalized cost for consultation, as well as segmented by key cost drivers.**

Response:

Capitalized costs for consultation related work are compiled in the following table. The table identifies the type of consultation work being either:

1. **Discussion -** Communications from Elexicon's consultant, WSP, by email, mail, telephone to external project stakeholders
2. **Monitoring -** Costs for provision of field monitors by First Nations communities to the Seaton TS project. Only a subset of all of the First Nations communities consulted were able to send monitors to participate in the project. A number of communities were impacted by various factors that prevented them from being able to supply monitors to the Seaton TS project. Monitoring Costs were tracked separately from the WSP scope of work and are identified in the following table.

## Staff-14 Table 1- Capitalized Consultation Costs

| Type of Consultation | Related to phase of work | Key Cost Driver of Consultation | Location of spending in Net Capital Expenditures Table | Cost ($MM |
|---|---|---|---|---|
| Discussion | Class EA | Class EA requirement | Seaton TS-Transformer line | Included in overall WSP scope and costs not broken out |
| Monitoring | Class EA-Stage 2 Archaeology | Consultation Best Practice | Seaton TS-Transformer line | $0.011 |
| Discussion with First Nations | Stage 3 Archaeology | Archaeological standards requirement | Seaton TS-Transformer line | Included in overall WSP scope and costs not broken out |
| Monitoring | Stage 3 Archaeology | Consultation Best Practice | Seaton TS-Transformer line | $0.16 |
| Discussion with First Nations | Stage 4 Archaeology & Burial Investigation | Archaeological standards requirement | Seaton TS-Transformer line | Included in overall WSP scope and costs not broken out |
| Monitoring | Stage 4 Archaeology & Burial Investigation | Consultation Best Practice | Seaton TS-Transformer line | $0.445 |
| **Total:** | | | | **$0.62MM** |

**OEB STAFF – 15**

**Reference: DSP, Appendix S-1, page 27**

**Question:**

**On page 27 of S-1 of the DSP, Elexicon noted that the environmental assessment is being done externally. OEB staff notes that an Environmental Study Report, dated August 2018, has been posted on Elexicon's website.**

**a) Please confirm that the environmental assessment study has been completed.**

Response:

Elexicon confirms that the environmental assessment study for the complete Seaton project including the transmission supply line from Hydro One and for the station site has been completed.

**b) If so, please file the Notice of Completion on the record of this proceeding.**

Response:

The Statement of Completion, with appendices, was filed with the Ministry of the Environment on August 17, 2018 and is included as attachments to this response.

2018-08-17

Director, Environmental Assessment and Permissions Branch
Ministry of the Environment, Conservation and Parks
135 St. Clair Avenue West, 1st Floor
Toronto ON M4V

**Subject: Statement of Completion, Veridian Connections and Hydro One Networks Seaton MTS #1 Class Environmental Assessment**

Dear Director:

Veridian Connections (Veridian) and Hydro One Networks Inc. (Hydro One), as co-proponents, undertook a Class Environmental Assessment (EA) for the construction of a new Municipal Transformer Station (MTS) and its associated connection to Hydro One's transmission system in the City of Pickering in proximity to the proposed Seaton Community.

The proposed Project is subject to the Class Environmental Assessment for Minor Transmission Facilities (Class EA; Ontario Hydro, 1992) in accordance with *the Ontario Environmental Assessment Act* (EA Act).

A draft Environmental Study Report (ESR) was made available for public review and comment for 30 calendar days, from November 16, 2017 until December 15.

Comments received from municipal, provincial and federal government officials, government agencies, First Nations communities, potentially affected and interested persons and interest groups were addressed and are documented in this ESR as required by the Class EA process. No Part II Order requests were received.

A "Statement of Completion Electricity Projects" from each co-proponent is attached.

Yours sincerely,

Andrew Roberts
Team Leader, Approvals and
Permitting

cc: Emilee O'Leary, Technical Support Section, Central Region, Ministry of the Environment Conservation, and Parks

Encl.
WSP ref.: 151-02610-00

100 Commerce Valley Drive West
Thornhill, ON
Canada L3T 0A1

T: +1 905 882-1100
F: +1 905 882-0055
wsp.com

Ontario

Ministry of the Environment and Climate Change

# Statement of Completion Electricity Projects

| For Office Use Only | | |
|---|---|---|
| Reference Number | Date (yyyy/mm/dd) | Initials |
| | | |

## General Information and Instructions

### General

The information provided on this form is collected under authority of the Ministry of the Environment and Climate Change Environmental Screening Process for electricity projects.

### Instructions

1. Questions regarding the completion and submission of this form should be directed to Customer Services and Outreach Unit at the Client Services and Permissions Branch (416-314-8001 or 1-800-461-6290).
2. Please send the completed form to:

   Ministry of the Environment and Climate Change
   Director, Environmental Assessment and Permissions Branch
   135 St. Clair Avenue West, 1st Floor
   Toronto ON M4V 1P5
   Fax: 416-314-8452

## Proponent Information

Proponent Name (legal name of organization)
Hydro One Networks Inc. (Co-proponent)

Contact Person

| Last Name | First Name | Middle Initial |
|---|---|---|
| Radinovic | Olivera | |

| Telephone Number | Fax Number | Email Address |
|---|---|---|
| 416 345-6598 ext. | 416 345-6919 | olivera.radinovic@hydroone.com |

Proponent Type

☐ Municipal ☐ Provincial ☐ Crown Corporation ☐ Federal ☐ Private Sector

☑ Other (describe) ▶ Transmission and Distribution Company

## Proponent Mailing Address

### Civic Address

| Unit Number | Street Number | Street Name | PO Box |
|---|---|---|---|
| | 483 | Bay Streeet | |

### Delivery Designator

☐ Rural Route ☐ Suburban Service ☐ Mobile Route ☐ General Delivery ☐ N/A

Delivery Identifier

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| Toronto | Ontario | Canada | M5G 2P5 |

## Site Address

☐ **Civic Address**

☑ **Survey Address**

| Lot | Concession | Part | Reference Plan |
|---|---|---|---|
| See attached map. | | | |

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| | | | |

**Geo Reference (Non Address Information)**

| Description | Map Datum | Zone | Accuracy Estimate | Geo-Referencing Method | UTM Easting | UTM Northing |
|---|---|---|---|---|---|---|
| Southwest corner of property | NAD83 | 15 | +/-5m | Estimate | 651854 | 4860299 |
| Physical location of front door | | | | | | |

## Project Information

Project Name

Seaton MTS #1

Nameplate Capacity of Facility (in megawatts)

N/A 230kV substation

Power Source or Fuel Type

☐ Wind ☐ Water (hydroelectric) ☐ Natural gas ☐ Biomass ☐ Landfill gas ☐ Waste biomass ☐ Oil ☐ Coal

☐ Municipal solid waste ☐ Hazardous waste ☐ Liquid industrial waste

☑ Other (describe) ▶ Electricity from the existing provincial grid

Brief Project Description

Construct a new 230kV to 27.6kV transformer substation; connect it to the grid using a line tap connection (0.2 km long); upgrade a 1.4 km length of 230kV transmission line from one circuit to a double circuit.

Was a Screening Report prepared?

☐ Yes ☑ No

Was an Environmental Review Report prepared?

☑ Yes ☐ No

Was an Equivalent Review Report prepared?

☐ Yes ☑ No

## Availability of Documentation

☐ Same as Site Address

Proponents are required to retain, either on site or in another location where they will be readily available, any Screening Report, Environmental Review Report, Equivalent Review Report, Addendum, and related notices and Statements of Completion prepared under the Environmental Screening Process, as well as documentation of any commitments made by the proponent to address concerns after one of the above-noted reports was prepared.

☑ **Civic Address**

| Unit Number | Street Number | Street Name | PO Box |
|---|---|---|---|
| | 483 | Bay Street | |

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| | Toronto | Ontario | M5G 2P5 |

☐ **Survey Address**

**Geo Reference (Non Address Information)**

| Description | Map Datum | Zone | Accuracy Estimate | Geo-Referencing Method | UTM Easting | UTM Northing |
|---|---|---|---|---|---|---|
| Southwest corner of property | | | | | | |
| Physical location of front door | | | | | | |

Contact Information about project documentation

Contact Person

| Last Name | First Name | Middle Initial |
|---|---|---|
| Radinovic | Olivera | |

| Telephone Number | Email Address | Website containing project documentation |
|---|---|---|
| 416 345-6598 ext. | olivera.radinovic@hydroone.com | https://www.hydroone.com/about/corporate-infr |

**Elevation Requests**

Were any Elevation Requests Received?

☐ Yes ☑ No

If Yes, how were they resolved?

**Statement of Proponent**

I, the undersigned hereby declare that, to the best of my knowledge, the information contained in this statement is complete and accurate in every way, and I have complied with the Environmental Screening Process established under *the Environmental Assessment Act* of Ontario in the environmental review of the above-noted project.

| Name | Title |
|---|---|
| Olivera Radinovic | Environmental Planner |
| Signature  | Date (yyyy/mm/dd) 2018/07/31 |

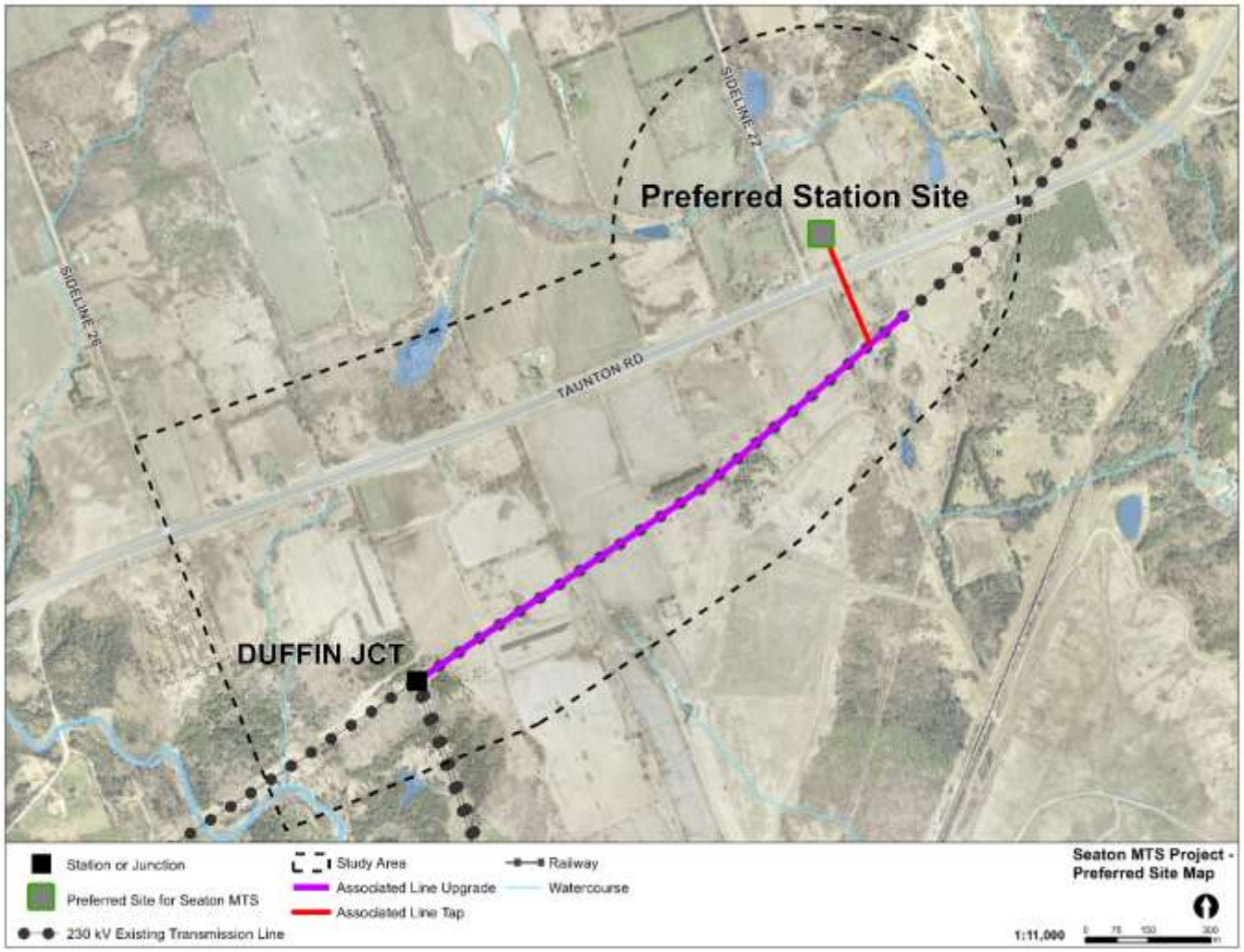


Figure 5-3: Site #2, Station and New Line Tap Configuration

Ontario

Ministry of the Environment and Climate Change

# Statement of Completion Electricity Projects

| For Office Use Only | | |
|---|---|---|
| Reference Number | Date (yyyy/mm/dd) | Initials |
| | | |

## General Information and Instructions

### General

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### Instructions

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2. Please send the completed form to:

   Ministry of the Environment and Climate Change
   Director, Environmental Assessment and Permissions Branch
   135 St. Clair Avenue West, 1st Floor
   Toronto ON M4V 1P5
   Fax: 416-314-8452

## Proponent Information

Proponent Name (legal name of organization)
Veridian Connections (Co-proponent)

Contact Person

| Last Name | First Name | Middle Initial |
|---|---|---|
| Smith | Craig | |

| Telephone Number | Fax Number | Email Address |
|---|---|---|
| 905 427-9870 ext. 2236 | 905 619-0210 | csmith@veridian.on.ca |

Proponent Type

☐ Municipal ☐ Provincial ☐ Crown Corporation ☐ Federal ☐ Private Sector

☑ Other (describe) ▶ Local Distribution Company

## Proponent Mailing Address

### Civic Address

| Unit Number | Street Number | Street Name | PO Box |
|---|---|---|---|
| | 55 | Taunton Road East | |

### Delivery Designator

☐ Rural Route ☐ Suburban Service ☐ Mobile Route ☐ General Delivery ☐ N/A

Delivery Identifier

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| Ajax | Ontario | Canada | L1T 3V3 |

## Site Address

☐ **Civic Address**

☑ **Survey Address**

| Lot | Concession | Part | Reference Plan |
|---|---|---|---|
| See attached map | | | |

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| | | | |

**Geo Reference (Non Address Information)**

| Description | Map Datum | Zone | Accuracy Estimate | Geo-Referencing Method | UTM Easting | UTM Northing |
|---|---|---|---|---|---|---|
| Southwest corner of property | NAD83 | 15 | +/-5m | Estimate | 651854 | 4860299 |
| Physical location of front door | | | | | | |

## Project Information

Project Name

Seaton MTS #1

Nameplate Capacity of Facility (in megawatts)

N/A 230kV substation

Power Source or Fuel Type

☐ Wind ☐ Water (hydroelectric) ☐ Natural gas ☐ Biomass ☐ Landfill gas ☐ Waste biomass ☐ Oil ☐ Coal

☐ Municipal solid waste ☐ Hazardous waste ☐ Liquid industrial waste

☑ Other (describe) ▶ Electricity from the existing provincial grid

Brief Project Description

Construct a new 230kV to 27.6kV transformer substation; connect it to the grid using a line tap connection (0.2 km long); upgrade a 1.4 km length of 230kV transmission line from one circuit to a double circuit.

Was a Screening Report prepared?

☐ Yes ☑ No

Was an Environmental Review Report prepared?

☑ Yes ☐ No

Was an Equivalent Review Report prepared?

☐ Yes ☑ No

## Availability of Documentation

☐ Same as Site Address

Proponents are required to retain, either on site or in another location where they will be readily available, any Screening Report, Environmental Review Report, Equivalent Review Report, Addendum, and related notices and Statements of Completion prepared under the Environmental Screening Process, as well as documentation of any commitments made by the proponent to address concerns after one of the above-noted reports was prepared.

☑ **Civic Address**

| Unit Number | Street Number | Street Name | PO Box |
|---|---|---|---|
| | 55 | Taunton Road East | |

| Municipality/Unorganized Township | Province | Country | Postal Code |
|---|---|---|---|
| Pickering | Ontario | Canada | L1T 3V3 |

☐ **Survey Address**

**Geo Reference (Non Address Information)**

| Description | Map Datum | Zone | Accuracy Estimate | Geo-Referencing Method | UTM Easting | UTM Northing |
|---|---|---|---|---|---|---|
| Southwest corner of property | | | | | | |
| Physical location of front door | | | | | | |

Contact Information about project documentation

Contact Person

| Last Name | First Name | Middle Initial |
|---|---|---|
| Smith | Craig | |

| Telephone Number | Email Address | Website containing project documentation |
|---|---|---|
| 905 427-9870 ext. 2236 | | http://www.veridian.on.ca/ea-study-seaton/ |

**Elevation Requests**

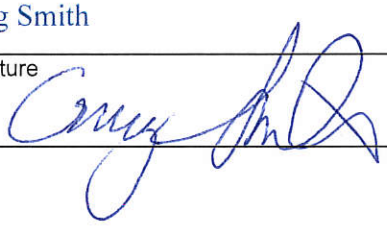
Were any Elevation Requests Received?

☐ Yes ☑ No

If Yes, how were they resolved?

**Statement of Proponent**

I, the undersigned hereby declare that, to the best of my knowledge, the information contained in this statement is complete and accurate in every way, and I have complied with the Environmental Screening Process established under *the Environmental Assessment Act* of Ontario in the environmental review of the above-noted project.

| Name | Title |
|---|---|
| Craig Smith | Manager |
| Signature  | Date (yyyy/mm/dd) 2018/08/07 |

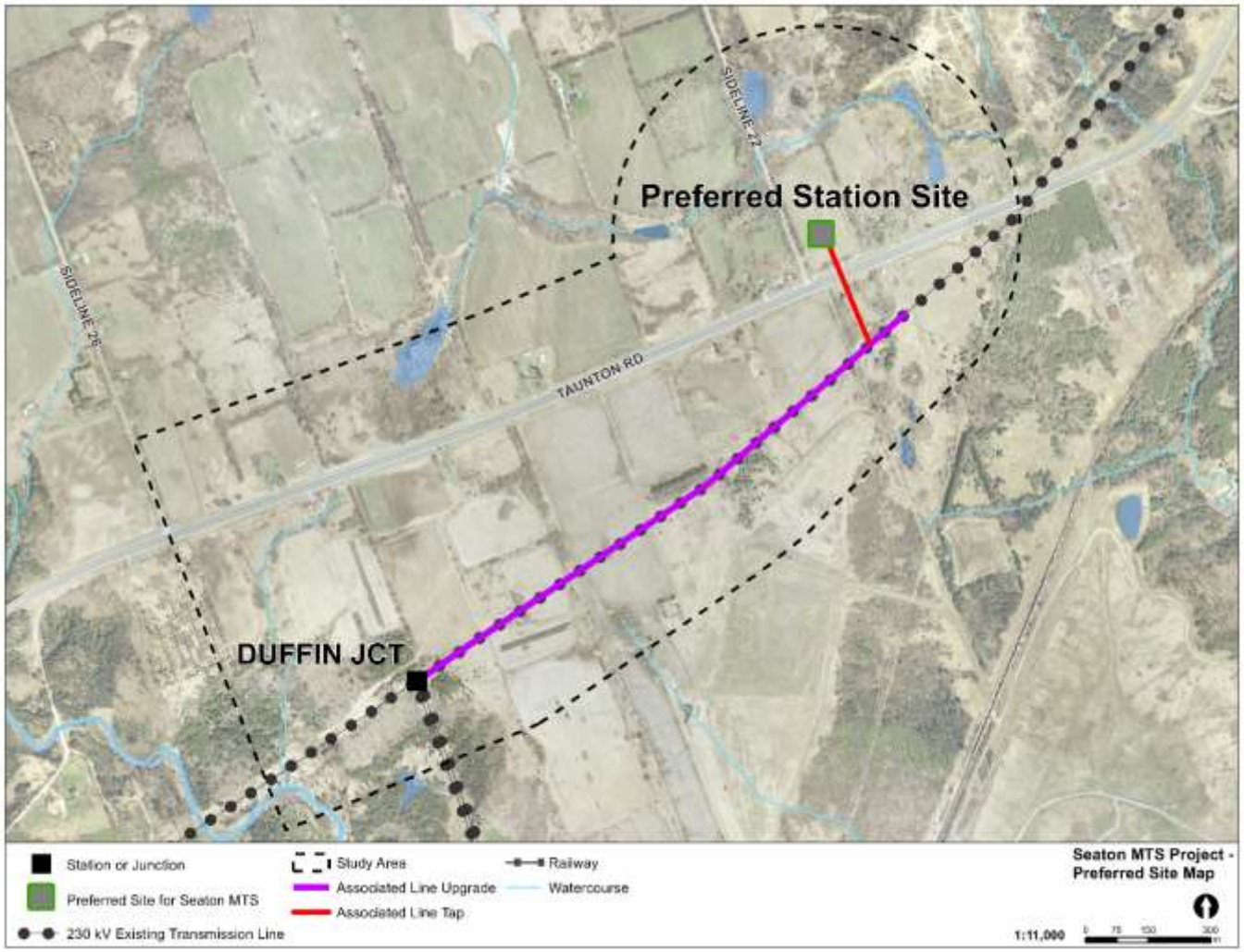



Figure 5-3: Site #2, Station and New Line Tap Configuration

**OEB STAFF – 16**

**Reference: VRZ Rate Generator Model, tab 6 Class A Consumption Date**

**Preamble:**
OEB staff notes that Elexicon reversed the transition period between Class A and Class B customer, since O. Reg. 429/04 stipulates that customers can only transition between Class A and Class B on July 1 of each year.

Transition Customers – Non-loss Adjusted Billing Determinants by Customer

| | | | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|---|---|
| Customer | Rate Class | | July to December | January to June | July to December | January to June | July to December | January to June |
| Customer 1 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | | | | | 4,140,807 | 668,073 |
| | | kW | | | | | 8,448 | 1,800 |
| | | Class A/B | B | A | A | A | A | B |
| Customer 2 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 644,566 | 360,899 | 3,065,688 | 403,115 | 5,535,051 | 5,616,611 |
| | | kW | 1,181 | 704 | 7,335 | 785 | 14,841 | 11,928 |
| | | Class A/B | B | B | B | B | A | B |
| Customer 3 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 1,846,859 | 1,956,472 | 2,004,350 | 1,740,657 | 2,029,510 | 2,104,751 |
| | | kW | 4,554 | 5,197 | 4,804 | 4,498 | 4,706 | 5,019 |
| | | Class A/B | B | A | A | B | A | A |
| Customer 4 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 1,499,117 | 1,685,391 | 1,360,363 | 1,658,129 | 1,027,459 | 1,508,597 |
| | | kW | 3,104 | 3,318 | 2,926 | 3,441 | 2,274 | 3,173 |
| | | Class A/B | B | A | A | B | A | A |
| Customer 5 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 2,887,883 | 4,091,027 | 2,819,219 | 3,329,422 | 2,947,399 | 4,087,373 |
| | | kW | 5,793 | 7,626 | 5,316 | 7,743 | 5,882 | 7,900 |
| | | Class A/B | A | A | A | A | B | A |
| Customer 6 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 2,767,223 | 2,720,301 | 4,290,880 | 3,140,661 | 4,765,139 | 4,363,831 |
| | | kW | 6,636 | 6,398 | 9,100 | 7,511 | 9,004 | 8,749 |
| | | Class A/B | A | A | A | A | B | A |
| Customer 7 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 3,606,138 | 3,653,252 | 3,022,392 | 3,875,861 | 2,323,364 | 2,923,492 |
| | | kW | 7,699 | 7,753 | 6,300 | 8,008 | 5,192 | 6,317 |
| | | Class A/B | A | A | A | A | B | A |
| Customer 8 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 2,456,780 | 2,192,368 | 2,178,108 | 2,238,368 | 2,032,284 | 2,059,400 |
| | | kW | 5,678 | 5,402 | 4,344 | 5,640 | 3,557 | 3,709 |
| | | Class A/B | A | A | A | A | B | A |
| Customer 9 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 3,187,159 | 3,289,726 | 3,197,072 | 3,361,416 | 3,121,433 | 3,285,061 |
| | | kW | 5,401 | 5,519 | 5,445 | 5,610 | 5,333 | 5,563 |
| | | Class A/B | A | A | B | A | B | B |
| Customer 10 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 6,068,309 | 6,712,694 | 5,380,559 | 5,520,614 | 5,006,530 | 5,585,191 |
| | | kW | 12,329 | 14,089 | 11,871 | 12,567 | 10,599 | 12,111 |
| | | Class A/B | A | A | B | A | B | B |
| Customer 11 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 648,017 | 752,372 | 821,063 | 788,716 | 761,354 | 752,890 |
| | | kW | 1,289 | 1,434 | 1,559 | 1,459 | 1,537 | 1,489 |
| | | Class A/B | A | A | B | A | B | B |
| Customer 12 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 627,963 | 621,501 | 1,182,245 | 776,655 | 1,125,853 | 1,056,558 |
| | | kW | 5,221 | 5,019 | 5,705 | 5,400 | 5,422 | 5,706 |
| | | Class A/B | A | A | B | A | B | B |
| Customer 13 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 190,256 | 214,789 | 217,243 | 233,474 | 223,006 | 228,443 |
| | | kW | 1,039 | 1,161 | 1,154 | 1,119 | 1,305 | 1,220 |
| | | Class A/B | A | A | B | A | B | B |
| Customer 14 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 1,500,427 | 1,172,942 | 1,730,943 | 1,373,697 | 1,923,736 | 1,947,272 |
| | | kW | 3,243 | 2,854 | 3,580 | 4,268 | 4,098 | 4,132 |
| | | Class A/B | B | A | B | B | B | B |
| Customer 15 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 1,394,413 | 1,427,327 | 1,823,038 | 2,142,753 | 1,923,078 | 2,309,202 |
| | | kW | 2,582 | 2,983 | 3,657 | 3,615 | 3,755 | 3,939 |
| | | Class A/B | B | A | B | B | B | B |
| Customer 16 | GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFIC | kWh | 1,100,657 | 1,286,211 | 1,116,358 | 1,487,343 | - | - |
| | | kW | 2,843 | 3,202 | 3,356 | 3,861 | - | - |
| | | Class A/B | B | A | B | B | | |

**Question:**

**a) Please review the transition period for each of the 16 customers listed and confirm that the transition period has been reversed.**

Response:

Elexicon Energy Inc. ("Elexicon") confirms that the transition period has been reversed.

**b) Please confirm that the aggregated consumption date on tab 6.1a is correctly allocated despite this reversal.**

Response:

Elexicon confirms that the reversal of the transition period identified in (a) does not affect the aggregated consumption data on tab 6.1a. For clarity, the allocation of the GA balance between transitioning customers and Class B customer is unchanged. To avoid any confusion and ensure accuracy of the record, the consumption data on tab 6.1a has been correctly restated in the updated VRZ IRM Rate Generator model provided with Elexicon's interrogatory responses to OEB Staff:

*EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-25_20211108.xlsb*
OEB Staff-25 includes an overview of all models changes.

**OEB STAFF – 17**

**Reference: Manager's Summary, page 8, August 18, 2021**

**Question:**

**At Reference #1, Elexicon included a table summarizing its request to clear 2018, 2019, and 2020 Group 1 deferral and variance account (DVA) balances for the VRZ and no disposition request to clear any DVA balances for the WRZ. However, Elexicon has not stated whether it is requesting final or interim disposition of its Group 1 DVAs for the VRZ.**

**a) Please clarify whether Elexicon is seeking final or interim disposition of its Group 1 DVAs for the VRZ in the current proceeding.**

Response:

Elexicon Energy Inc. ("Elexicon") is requesting an interim disposition of its Group 1 DVAs for the VRZ in the current proceeding. Elexicon is currently undertaking a final review of the settlement and accounting for Accounts 1588 and 1589 prior to requesting a final disposition of these balances.

**OEB STAFF – 18**

**Reference:**

**(1)** ***Filing Requirements For Electricity Distribution Rate Applications - 2021 Edition for 2022 Rate Applications - Chapter 3 Incentive Rate-Setting Applications, June 24, 2021, page 12 & 13***
**(2) Manager's Summary, page 21, August 18, 2021**

**Preamble:**
OEB staff notes that Elexicon's 2018 and 2019 balances for the VRZ were not disposed in previous proceedings as the threshold test was not met and Elexicon did not request disposition.

At Reference #1, the OEB set out its expectations for final disposition requests of commodity pass-through account balances when there has been no disposition requested in prior years due to the threshold test. The OEB further stated:

> If these distributors have now reviewed these balances in the context of the Accounting Guidance and are confident that there are no systemic issues with their RPP settlement and related accounting processes, such distributors may explain those circumstances and request final disposition of these account balances. If these distributors identified errors or discrepancies that materially affect the ending account balances, distributors should adjust their account balances prior to requesting final disposition.

At Reference #2, Elexicon stated that regarding the VRZ, it outlined in its 2021 VRZ rate application (EB-2020-0013) that it completed the modifications necessary to ensure compliance with the accounting guidance, highlighting some changes made in calendar 2019 and 2020. Elexicon indicated that for the VRZ it is now completely aligned with the OEB Accounting Guidance.

**Question:**

**a) Please confirm that Elexicon is confident that regarding the VRZ there are no systemic issues with its RPP settlement and related accounting processes regarding its 2018 and forward balances.**

**b) If this is not the case, please explain.**

Response (a) and (b):

As indicated in OEB Staff-17, Elexicon Energy Inc. ("Elexicon") is requesting an interim disposition of Group 1 DVA balances for the Veridian Rate Zone ("VRZ") in the current proceeding. Elexicon does not believe that there are material systemic issues that have not already been identified, however, will complete a final review prior to requesting a final disposition for the VRZ.

**c) Please confirm that no errors or discrepancies were identified that materially affect the ending account balances.**

**d) If this is not the case, please explain.**

Response (c) and (d):

Elexicon has identified an issue related to the levels of unaccounted for energy used for VRZ settlement in 2020. An estimated adjustment for the impact was included as a placeholder in the VRZ IRM Rate Generator continuity schedule (1588 principal adjustments for VRZ in 2020) as well as the VRZ GA Analysis Workform filed in August 2021.

To review and address the issue, Elexicon was able to re-run metering data used in the 2020 settlement process (January to December), and re-calculate settlement and the resulting accounting entries. Elexicon provides summary tables (below) outlining the impact of the revised calculations and the associated revisions to principal adjustments required in the VRZ IRM Rate Generator continuity and related sections in the VRZ GA Analysis Workform model.

To ensure the most accurate and up-to-date balances are included in the interim disposition request for VRZ's Group 1 balances, the following updated spreadsheets have been filed with these interrogatory responses:

- VRZ Accounting Guidance 2020 Analysis
  *EE_VRZ_2022_Acctg Guidance 2020 Analysis_OEB Staff-25_20211108.xlsx*
- VRZ IRM Rate Generator
  *EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-25_20211108.xlsb*
- VRZ GA Analysis Workform
  *EE_VRZ_2022_GA Analysis Workform_OEB Staff-25_20211108.xlsb*

Please see OEB Staff-25 which provides an overview of revisions that have been included in these models.

The issue identified which relates to the unaccounted for energy is not expected to materially impact the 2019 principal adjustment amounts for Account 1588 and 1589, however, Elexicon will be reviewing further prior to requesting a final disposition for VRZ's Group 1 balances. An update will be provided in the 2023 rate application. Elexicon does not believe there are any other errors or discrepancies that would result in a material impact to the ending Group 1 balances for VRZ.

# OEB Staff-18 Table 1: Summary of Updates to 2020 Regulatory Accounting Guidance Analysis – Impacts to Account 1588 Power

***A. Impacts to Account 1588 Power:***

| | | | | | GA Workform Updates | |
|---|---|---|---|---|---|---|
| **Description** | **Revised** | **Original** | **Difference** | **Principal Adjustments** | **Tab** | **Cell** |
| 1) Updates to reflect additional metering data (reduced levels of UFE and improved revenue and rates used for settlement) | 718,831 | 599,031 | 119,800 | Split of CT 148 GA Costs (4705 Power and 4707 GA) | Principal Adjustments | V105 |
| | 38,577 | (468,836) | 507,413 | Revised CT 1142 Settlement amounts | Principal Adjustments | V106 |
| | (987,912) | (697,058) | (290,854) | Revised unbilled estimate to actual revenue differences | Principal Adjustments | V107 |
| 2) Identified large billing adjustment | (199,470) | - | (199,470) | New - 2020 consumption billed in 2021 | Principal Adjustments | V108 |
| Total 2020 Principal Adjustments - Current Year | (429,974) | (566,863) | 136,889 | | | |

| Summary of 2020 Principal Adjustments | Revised | Original | Difference | **Rate Generator Updates** | | **GA Workform Updates** | |
|---|---|---|---|---|---|---|---|
| Principal Adjustment - Prior Year Reversals | 677,864 | 677,864 | - | | | | |
| Principal Adjustment - Current Year | (429,974) | (566,863) | 136,889 | **Tab** | **Cell** | **Tab** | **Cell** |
| Principal Adjustments 2020 Summary | 247,890 | 111,001 | 136,889 | 3. Continuity Schedule | BF28 | Account 1588 | D19 |

| **Account 1588** | **Revised** | **Original** | **Difference** |
|---|---|---|---|
| Principal Transactions | 307,491 | 307,491 | - |
| Principal Adjustments 2020 Summary | 247,890 | 111,001 | 136,889 |
| Total 2020 Principal | 555,381 | 418,492 | 136,889 |
| Total 2019 Principal | (270,752) | (270,752) | - |
| Total 2018 Principal | (94,331) | (94,331) | - |
| Total Account 1588 Power - Principal Balance | 190,298 | 53,409 | 136,889 |

# OEB Staff-18 Table 2: Summary of Updates to 2020 Regulatory Accounting Guidance Analysis – Impacts to Account 1589 Global Adjustment

***B. Impacts to Account 1589 Global Adjustment:***

| | | | | | GA Workform Updates | |
|---|---|---|---|---|---|---|
| **Description** | **Revised** | **Original** | **Difference** | **Principal Adjustments** | **Tab** | **Cell** |
| 1) Updates to reflect additional metering data (reduced levels of UFE and improved revenue and rates used for settlement) | (718,831) | (599,031) | (119,800) | Split of CT 148 GA Costs (4705 Power and 4707 GA) | GA 2020 Principal Adjustments | C77 J105 |
| | 341,238 | 341,238 | - | Unbilled estimate to actual revenue differences | No update required | |
| Total 2020 Principal Adjustments - Current Year | (377,593) | (257,793) | | | | |

| Summary of 2020 Principal Adjustments | Revised | Original | Difference | **Rate Generator Updates** | |
|---|---|---|---|---|---|
| Principal Adjustment - Prior Year Reversals | 1,067,310 | 1,067,310 | - | | |
| Principal Adjustment - Current Year | (377,593) | (257,793) | (119,800) | **Tab** | **Cell** |
| Principal Adjustments 2020 Summary | 689,717 | 809,517 | (119,800) | 3. Continuity Schedule | BF29 |

| **Account 1589** | **Revised** | **Original** | **Difference** |
|---|---|---|---|
| Principal Transactions | (185,842) | (185,842) | - |
| Principal Adjustments 2020 Summary | 689,717 | 809,517 | (119,800) |
| Total 2020 Principal | 503,875 | 623,675 | (119,800) |
| Total 2019 Principal | 1,441,870 | 1,441,870 | - |
| Total 2018 Principal | (1,172,340) | (1,172,340) | - |
| Total Account 1588 Power - Principal Balance | 773,405 | 893,205 | (119,800) |

**OEB STAFF – 19**

**Reference: (1) Manager's Summary, page 8, August 18, 2021**
**(2) Manager's Summary, page 26, August 18, 2021**

**Preamble:**
At Reference #1, Elexicon is requesting an extension request for the WRZ. This extension request is with respect to the implementation of the OEB's Accounting Guidance related to Accounts 1588 and 1589. Elexicon stated that the extension will support additional process changes delayed by the COVID-19 emergency and unexpected upgrades related to the recently merged CIS.

At Reference #2, Elexicon noted that additional planning is in place to support the continued transition to a consistent settlement process and tool for the WRZ which mirrors the VRZ. Elexicon further stated that while this transition will not have a material effect on the outcome of the settlement amounts, it will assist to align to the timing expectations for settlement and true-ups as outlined in the OEB's regulatory accounting guidance. Elexicon also noted that it will also provide for greater consistency between both of the rate zones' processes.

**Question:**

a) **Please confirm that if the OEB grants Elexicon's request regarding the implementation of the OEB's Accounting Guidance for Accounts 1588 and 1589 for the WRZ, there will be no material impact on WRZ's Group 1 DVA balances that have not yet been disposed on a final basis (i.e., 2020 balances and forward).**

Response:

Elexicon Energy Inc. ("Elexicon") confirms that the granting of an extension request regarding the implementation of the OEB's Accounting Guidance for Accounts 1588 and 1589 for the Whitby Rate Zone ("WRZ") would not have a material impact on the WRZ's Group 1 DVA balances (2020 and forward).

**b) If this is not the case, please explain.**

Response:

Not Applicable. See response to (a).

**c) Please confirm whether Elexicon expects further adjustments to any of the DVAs for the WRZ upon the implementation of the new integrated CIS system. If so, please provide the details.**

Response:

Elexicon confirms that it does not expect any further adjustments to any of the DVAs for the WRZ upon implementation of the new integrated CIS system.

**OEB STAFF – 20**

**Reference: (1) Manager's Summary, page 26, August 18, 2021**
**(2) Manager's Summary, page 27, August 18, 2021**

**Preamble:**
At Reference #1, Elexicon stated that regarding the WRZ, the finalization of true-ups under the old process must be completed and new processes set up to support the updated processes going forward. Elexicon further noted that the transition will require additional time and Elexicon plans to complete this by the end of 2021 to allow for implementation of the new process at the beginning of 2022.

At Reference #2, Elexicon stated that the WRZ's outcomes continue to be fully aligned with the OEB's Accounting Guidance. Elexicon further stated that the remaining changes to align processes and improve the timing of true-ups will require additional time and effort and will follow the major CIS upgrades in 2021.

Elexicon requested that the OEB approve an extension to complete this transition by the end of 2021. Elexicon noted that the extension will not impact customers, nor the outcome of account balances reviewed for disposition. Elexicon noted that it is a strictly a process driven change mandated by the OEB decision (EB-2019-0130) which results in a standard process with some accelerated timing.

**Question:**

a) **Please confirm that Elexicon remains on track to complete WRZ's above noted transition by the end of 2021, in order to allow for implementation of the new process at the beginning of 2022.**

Response:

Elexicon Energy Inc. ("Elexicon") continues to work on the transition plan, however, currently expects that additional time will be required.

**b) If this is not the case, please explain.**

Response:

As part of transition planning, Elexicon has identified the importance of stabilizing a number of key elements prior to the transition:

- Completion of major CIS upgrades and sufficient time to address any follow-up requirements for that project.
- Resources - A settlement resource has recently accepted a new role in a different department, creating a vacancy. Elexicon would like to ensure the settlement position is filled and training completed.
- Complete the final review of the Veridian Rate Zone ("VRZ") Account 1588 and 1589 balances for final disposition.

The transition is planned in 2022 with an expectation of completion by the end of June. Elexicon respectfully requests the OEB approve an extension until June 2022.

**c) Please explain if Elexicon is granted the extension by the OEB, there will be either no impact on the Group 1 DVA balances or an immaterial impact on the Group 1 DVA balances.**

Response:

Elexicon confirms that an extension would not cause any impact on the Whitby Rate Zone ("WRZ") Group 1 DVA balances or that any impact will be immaterial. Please see response to Staff-19 (a) and (c).

**OEB STAFF – 21**

**Reference:**
**(1) EE_VRZ_2022_Acctg Guidance 2020 Analysis_full year_20210818.xlsx**
**(2) VRZ, IRM Rate Generator Model, August 18, 2021**
**(3) Manager's Summary, page 21, Table 8, August 18, 2021**

**Preamble:**
At Reference #1, the 2020 "balance per DVA Continuity Schedule" for Accounts 1588 and 1589 as shown in cells E31 and E43 of tab "Final RSVA Balances" are different than that shown in the DVA Continuity Schedule, at Reference #2. The differences are as follows in OEB Staff Table 1:

**OEB Staff Table 1 – VRZ Difference between Accounting Guidance and DVA Continuity Schedule**

| | Account 1588 | | | Account 1589 | | |
|---|---|---|---|---|---|---|
| | Transactions | Principal Adjustments | Total | Transactions | Principal Adjustments | Total |
| Accounting Guidance 2020 Analysis | | | 446,489 | | | 595,383 |
| DVA Continuity Schedule (sum of 2020 transactions and principal adjustments) | 307,491 | 111,001 | 418,491 | (185,842) | 809,517 | 623,675 |
| | | | | | | |
| Difference | | | 27,998 | | | (28,292) |

At Reference #3, Elexicon indicated that for the VRZ it is now completely aligned with the OEB Accounting Guidance.

**Question:**

**a) Does Elexicon agree with the values shown in OEB Staff Table 1? If Elexicon disagrees, please update the table accordingly.**

Response:

Elexicon agrees with the values shown in OEB Staff Table 1, however, Elexicon has provided updates through the interrogatory process which includes updates to both the VRZ Accounting Guidance 2020 Analysis and the VRZ IRM Rate Generator model

(continuity schedule). Further details are outlined in OEB Staff-18 and OEB Staff-25. Elexicon has provided a revised Table below which reflects the updates made to the application.

**OEB Staff-21 Table 1: Revised Table – VRZ Difference between Accounting Guidance and DVA Continuity Schedule**

| | Account 1588 | | | Account 1589 | | |
|---|---|---|---|---|---|---|
| | Transactions | Principal Adjustments | Total | Transactions | Principal Adjustments | Total |
| Accounting Guidance 2020 Analysis *(20211108 updates)* | | | 601,860 | | | 482,125 |
| DVA Continuity Schedule (sum of 2020 tranactions and principal adjustments *(20211108 updates)* | 307,491 | 247,890 | 555,381 | - 185,842 | 689,717 | 503,875 |
| Difference | | | 46,479 | | | - 21,750 |

**b) Although the differences in OEB Staff Table 1 may be immaterial, please explain why there are any differences at all, given that Elexicon noted that it is completely aligned with the OEB Accounting Guidance for the VRZ.**

Response:

Differences in the revised Table provided in (a) are immaterial. Small differences may be explained by transactions (such as billing adjustments) or differences due to methodology (i.e. proration of consumption in the billing system). The regulatory accounting guidance analysis has been consolidated and reviewed on an annualized basis. The review demonstrates that these types of differences are not considered material enough to review at a more detailed level.

**c) Please explain why there are some principal adjustment true-ups for the VRZ, considering that Elexicon noted that it is completely aligned with the OEB Accounting Guidance for the VRZ.**

Response:

Principal adjustment true-ups reflect adjustments that are required due to timing differences. In general, not all information required for true-ups is available for posting in the current year. Billing adjustments may also occur outside of the year they relate to.

For VRZ, it was identified after the end of 2020, that there was an issue related to unaccounted for energy which required corrections to the settlement calculations and related accounting entries (See OEB Staff-18 for additional detail). Any revisions (including true-ups) have been included as principal adjustments in 2020. This ensures that the balances reviewed for VRZ's Group 1 interim disposition request are as accurate and up-to-date as possible.

**d) Please confirm that the row "Accounting Guidance 2020 Analysis" in OEB Staff Table 1, is not intended to reflect the balances in the DVA Continuity Schedule which reflect the general ledger. Instead, it is intended to represent the balances as calculated using the OEB model from the February 21, 2019 accounting guidance. If this is not the case, please explain why there are differences between the two rows in OEB Staff Table 1.**

Response:

Elexicon confirms that the row "Accounting Guidance 2020 Analysis" in OEB Staff 1 and OEB Staff-21a -Table 1 tables are not intended to reflect the balances in the DVA Continuity Schedule, but are an analysis which reflects OEB accounting guidance for Accounts 1588 and 1589. See Response (b) for additional information.

**OEB STAFF – 22**

**Reference:**
**(1) EE_WRZ_2020_Acctg Guidance_2020 Analysis_20210818.xlsx**
**(2) WRZ, IRM Rate Generator Model, August 18, 2021**
**(3) Manager's Summary, page 21, Table 8, August 18, 2021**

**Preamble:**
At Reference #1, the 2020 "balance per DVA Continuity Schedule" for Accounts 1588 and 1589 as shown in cells E30 and E42 of tab "Final RSVA Balances" are different than that shown in the DVA Continuity Schedule, at Reference #2. The differences are as follows in OEB Staff Table 2:

**OEB Staff Table 2 – WRZ Difference between Accounting Guidance and DVA Continuity Schedule**

| | Account 1588 | | | Account 1589 | | |
|---|---|---|---|---|---|---|
| | Transactions | Principal Adjustments | Total | Transactions | Principal Adjustments | Total |
| Accounting Guidance 2020 Analysis | | | (268,794) | | | 20,715 |
| DVA Continuity Schedule (sum of 2020 transactions and principal adjustments) | (103,312) | (137,108) | (240,420) | (306,810) | 327,104 | 20,294 |
| | | | | | | |
| Difference | | | (28,374) | | | 421 |

At Reference #3, Elexicon indicated that it is now completely aligned with the OEB Accounting Guidance for the WRZ, except for the timing of true-ups, which are addressed through principal adjustments in the DVA Continuity Schedule.

**Question:**

**a) Does Elexicon agree with the values shown in OEB Staff Table 2? If Elexicon disagrees, please update the table accordingly.**

Response:

Elexicon Energy Inc. ("Elexicon") agrees with the values shown in OEB Staff Table 2.

**b) Although the differences in OEB Staff Table 2 may be immaterial, please explain whether these differences are due to the timing of true-ups for the WRZ, which are addressed through principal adjustments in the DVA Continuity Schedule. If this is not the case, please explain.**

Response:

Differences in OEB Staff Table 2 are immaterial. Small differences may be explained by transactions (such as billing adjustments) or differences due to methodology (i.e. proration of consumption in the billing system). The regulatory accounting guidance analysis has been consolidated and reviewed on an annualized basis. The review demonstrates that these types of differences are not considered material enough to review at a more detailed level.

**c) Please confirm that the row "Accounting Guidance 2020 Analysis" in OEB Staff Table 2, is not intended to reflect the balances in the DVA Continuity Schedule which reflect the general ledger. Instead, it is intended to represent the balances as calculated using the OEB model from the February 21, 2019 accounting guidance. If this is not the case, please explain.**

Response:

Elexicon confirms that the row "Accounting Guidance 2020 Analysis" in OEB Staff Table 2 is not intended to reflect the balances in the DVA Continuity Schedule, but is an analysis which reflects OEB accounting guidance for Accounts 1588 and 1589. See Response (b) for additional information.

**OEB STAFF – 23**

**Reference:**

**(1) WRZ, GA Analysis Workform, August 18, 2021**
**(2) VRZ, GA Analysis Workform, August 18, 2021**
**(3) Veridian Connections Inc. RRR 2.1.7 filing, December 31, 2018 data**
**(4) Elexicon RRR 2.1.7 filing, December 31, 2019 and December 31, 2020 data**

**Preamble:**
OEB staff has prepared the following OEB Staff Table 3 with data from Reference #1, #2, #3, and #4.

**OEB Staff Table 3 – Reconciliation of RRR 2.1.7 Data – Account 4705**

| | VRZ, GA Analysis Workform, Account 1588 Reasonability Test, August 18, 2021 | Veridian Connections Inc. Actual RRR 2.1.7 Filing | Veridian Connections Inc. RRR 2.1.7 Variance over the Actual RRR 2.1.7 Filing | | |
|---|---|---|---|---|---|
| | A | B | C = A - B | | |
| Account 4705 - December 31, 2018 | 141,704,997 | 141,704,997 | - | | |
| | WRZ, GA Analysis Workform, Account 1588 Reasonability Test, August 18, 2021 | VRZ, GA Analysis Workform, Account 1588 Reasonability Test, August 18, 2021 | Elexicon Energy RRR 2.1.7 per GA Analysis Workforms | Elexicon Energy Actual RRR 2.1.7 Filing | Elexicon Energy RRR 2.1.7 Variance over the Actual RRR 2.1.7 Filing |
| | D | E | F = D + E | G | H = F - G |
| Account 4705 - December 31, 2019 | TBD | 144,416,286 | TBD | 139,698,760 | TBD |
| Account 4705 - December 31, 2020 | 69,829,555 | 191,818,073 | 261,647,628 | 261,647,628 | 0 |

**Question:**

**a) Does Elexicon agree with the values shown in OEB Staff Table 3? If Elexicon disagrees, please update the table accordingly.**

Response:

Elexicon Energy Inc. ("Elexicon") agrees with the values shown in OEB Staff Table 3.

**b) Please populate the cells that are marked "TBD" and explain differences, if any, in Column H.**

Response:

The cells marked "TBD" have been populated and the amounts are identified in red. The updated table is provided below and includes a footnote which explains the 2019 variance.

**OEB Staff-23b Table 1: Revised OEB Staff Table 3 - Reconciliation of RRR 2.1.7 Data – Account 4705**

| | VRZ, GA Analysis Workform, Account 1588 Reasonability Test - OEB Staff-23 A | Veridian Connections Inc. Actual RRR 2.1.7 Filing B | Veridian Connections Inc. RRR 2.1.7 Variance over the Actual RRR 2.1.7 Filing C=A-B |
|---|---|---|---|
| Account 4705 - December 31, 2018 | 141,704,997 | 141,704,997 | - |

| | WRZ, GA Analysis Workform, Account 1588 Reasonability Test - OEB Staff-23 D | VRZ, GA Analysis Workform, Account 1588 Reasonability Test - OEB Staff-23 E | Elexicon Energy Actual RRR 2.1.7 per GA Analysis Workforms F=D+E | Elexicon Energy Actual RRR 2.1.7 Filing G | Elexicon Energy RRR 2.1.7 Filing Variance over the Actual RRR 2.1.7 Filing H=F-G |
|---|---|---|---|---|---|
| Account 4705 - December 31, 2019* | 50,470,616 | 144,416,286 | 194,886,902 | 139,698,760 | 55,188,142 |
| Account 4705 - December 31, 2020 | 69,829,555 | 191,818,073 | 261,647,628 | 261,647,628 | - |

* Elexicon Energy filed 2019 RRR 2.1.7 for the post-merge period (April - December). This was based on discussions with OEB Staff.
As the GA Workform 1588 test for reasonability is intended to be based on an annual 4705 amount , the sum of the legacy LDC for Jan-March 2019 + the relevant Elexicon rate zone for April - December 2019 was included. This ensured that the reasonability calculation was handled consistently for all years. As a result, there is an expected variance to the Actual 2.1.7 (column H).

**c) Please explain any other differences that may arise if Elexicon updates OEB Staff Table 3.**

Response:

Please see response (b) and (d).

**d) Please confirm that Elexicon filed a harmonized RRR 2.1.7 for December 31, 2019 and December 31, 2020 data, but filed separated RRR 2.1.7 for December 31, 2018 data for Veridian Connections Inc. and Whitby Hydro Electric Corporation. If this is not the case, please explain.**

Response:

Elexicon confirms the following RRR 2.1.7 filings:

- 2018 – Separate Veridian Connections Inc. and Whitby Hydro Electric Corporation filings
- 2019 – Post merger harmonized filing. This filing did not include a full year of P&L data since the merger was only effective April 1, 2019.
- 2020 – Harmonized filing

**OEB STAFF – 24**

**Reference: (1) VRZ, IRM Rate Generator Model, August 18, 2021**
**(2) VRZ, GA Analysis Workform, August 18, 2021**

**Question:**

**At Reference #1, Elexicon has included an Account 1588 2020 principal adjustment of $111,001 in cell BF28. This matches the Account 1588 2020 principal adjustment of $111,001 at Reference #2, Tab Principal Adjustments. However, this does not match the credit of ($19,194) 2020 principal adjustment at Reference #2, Tab Account 1588 Reasonability.**

**a) Please clarify which is the correct Account 1588 2020 principal adjustment –a debit of $111,001 or a credit of ($19,194). Please provide any necessary updates to reconcile the two amounts.**

Response:

Elexicon Energy Inc. ("Elexicon") has provided updated versions of the following files:

- VRZ IRM Rate Generator model
  *EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-25_20211108.xlsb*
- VRZ GA Analysis Workform
  *EE_VRZ_2022_GA Analysis Workform_OEB Staff-25_20211108.xlsb*

Both revised models reflect a revised Account 1588 2020 principal adjustment of $247,890. OEB Staff-25 provides an overview of the model updates.

**OEB STAFF – 25**

**Reference:**
**WRZ Rate Generator, Tab 20 and VRZ Rate Generator, Tab 20 - Bill Impact**

**Question:**

**OEB staff has identified that the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price used at the above reference were incorrectly entered as $0.2689. OEB staff has updated the pricing to reflect the correct amount of $0.1060.**

**a) Please confirm that the models included with these interrogatories reflect this update.**

Response:

Elexicon Energy Inc. ("Elexicon") confirms that all models included with OEB Staff interrogatory responses reflect the updated pricing amount of $0.1060.

For additional clarity, an overview of all updated IRM Rate Generator and supporting models included with these interrogatory responses is provided below:

Veridian Rate Zone (VRZ) – IRM Rate Generator Model

*EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-25_20211108.xlsb*

*EE_VRZ_2022_Tariff of Rates and Charges_OEB Staff-25_20211108.pdf*

This model and Tariff Sheet includes:

- The updated pricing amount of $0.1060 (OEB Staff-25)
- Correction of Tab 6 - Class A Consumption Data (OEB Staff-16)

- Revised Account 1588 and 1589 Principal adjustments related to unaccounted for energy issue and reflect updated metering, settlement and regulatory accounting analysis review (OEB Staff-18)
- Revised ICM Rate Rider (OEB Staff-9)

VRZ IRM Rate Generator model - ICM removed (OEB Staff-13)

*EE_VRZ_2022_IRM-Rate-Generator-Model_OEB Staff-13_20211108.xlsb*

*EE_VRZ_2022_Tariff of Rates and Charges_OEB Staff-13_20211108.pdf*

This model and Tariff Sheet includes:

- The updated pricing amount of $0.1060 (OEB Staff-25)
- Correction of Tab 6 - Class A Consumption Data (OEB Staff-16)
- Revised Account 1588 and 1589 Principal adjustments related to unaccounted for energy issue and reflect updated metering, settlement, and regulatory accounting analysis review (OEB Staff-18)
- Removal of ICM (OEB Staff-13)

In support of the VRZ IRM Rate Generator model updates, the following additional files have been updated and provided:

VRZ GA Analysis Workform (OEB Staff-25)

*EE_VRZ_2022_GA Analysis Workform_OEB Staff-25_20211108.xlsb*

This model includes:

- Revised Account 1588 and 1589 Principal adjustments related to unaccounted for energy issue and reflect updated metering, settlement and regulatory accounting analysis review (OEB Staff-18)

VRZ Accounting Guidance 2020 Analysis (OEB Staff-25)

*EE_VRZ_2022_Acctg Guidance 2020 Analysis_OEB Staff-25_20211108.xlsx*

This model includes:

- Revised Account 1588 and 1589 Principal adjustments related to unaccounted for energy issue and reflect updated metering, settlement and regulatory accounting analysis review (OEB Staff-18)

VRZ ICM Model (OEB Staff-9)

*EE_VRZ_2022_ACM_ICM_Model_OEB Staff-9_20211108.xlsm*

This model includes:

- Revised depreciation amounts outlined in OEB Staff-9

Whitby Rate Zone (WRZ)

No WRZ IRM Rate Generator model updates were submitted as part of the interrogatory responses.

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response - MSIFN

EB-2021-0015 | November 8, 2021

**MSIFN – 1**

**Reference: Appendix B, Incremental Capital Module "ICM"**

**Question:**

**The Seaton Transformer Station ("Seaton 23 TS") and the Bus Rapid Transit Highway 2 ("BRT") projects are subject to Ontario's *Environmental Assessment Act*.**
**Please provide:**

**a) Written direction from Ontario for Seaton 23 TS and BRT with respect to the delegation of the duty to consult to the proponents for each project.**

Response:

For the Seaton TS, the Project received written direction from the Ministry of Energy on June 3, 2016 with a list of Indigenous communities that were recommended to be consulted. The letter is attached as MSIFN 1a) Attachment Response_Ministry of Energy

Pursuant to O.Reg. 116/01, the Electricity Projects regulation under Ontario's *Environmental Assessment Act*, lines that operate at nominal voltages of less than 115 kV are not subject to the Act. This is further clarified in the *Guide to Environmental Assessment Requirements for Electricity Projects*[1] (the "Guide") which in Chart 1 identifies lines that operate at voltages of less than 115 kV as a "Category A" project.

The Guide explains that:

> "*Category A projects are those which are expected to have minimal environmental effects. These projects do not require approval under the Environmental*

[1] https://www.ontario.ca/page/guide-environmental-assessment-requirements-electricity-projects

*Assessment Act, and are not designated as being subject to the Act in the Electricity Projects Regulation.*"

Elexicon's scope of work, as it relates to the BRT, involves the relocation of electricity distribution lines that operate at a nominal voltage of less than 50 kV. As identified above, these lines constitute a Category A project. Such a project is expected to have minimal environmental effect. Therefore, it does not require approval under the *Environmental Assessment Act*.

Elexicon notes that the broader BRT project may require the applicable road/transportation authorities to obtain an environmental assessment, however this is entirely outside of Elexicon's scope of work.

**b) Summaries of how consultation with Indigenous groups directly impacted proponent decisions for each project, including decisions on alternative sites and alternative methods.**

Response:

For Seaton TS, no specific input on site selection was provided by Indigenous communities during the environmental assessment ("EA"). The Indigenous communities (the "communities") that were identified by the Ministry of Energy were notified about the proposed project. They were regularly informed of project updates and asked to provide input related to the proposed project during the EA. During consultation activities, the communities expressed interest to be kept informed about the proposed project. Some of the communities were also interested in being informed of any archaeological work. A summary of interests and concerns is noted in the table, below.

**MSIFN-1- Table 1- Community Interest and Concerns**

| First Nation Community | Interests/Concerns | Project Response |
|---|---|---|
| Alderville First Nation (AFN) | The community does not have any specific concerns about the Project but would like to be kept informed of archaeological work. | The Proponent will keep AFN informed of archaeological work done as part of the Project. |
| Curve Lake First Nation (CLFN) | The community has concerns related to the remains of their ancestors and would like to be kept informed of any relevant archaeological findings. | The Proponent will keep CLFN informed of the Project. |
| Hiawatha First Nation (HFN) | The community expressed interest in archaeological work and would like to provide monitors if any excavation work is to be done. | The Proponent will keep HFN informed regarding archaeological work, including any excavations (i.e. Stage 2 Archaeological Assessment), and engage monitors as requested. |
| Huron Wendat First Nation (HWFN) | The community expressed interest in archaeological work and would like to provide input to any Stage 2 work. | The Proponent has informed HWFN of upcoming Stage 2 archaeological work and will engage monitors as requested. |
| Kawartha Nishnawbe First Nation (KNFN) | The community has not provided any correspondence for the Project. | The Proponent will continue to provide notifications to KNFN per the requirements of the Class EA |
| Mississaugas of Scugog Island First Nation (MSIFN) | The community expressed interest in archaeological work and would like to provide monitors for Stage 2 work. | The Proponent will keep MSIFN informed regarding archaeological work, including any excavations (i.e. Stage 2 Archaeological Assessment) and engage monitors as requested. |

Additionally, consultation with Indigenous communities was utilized following the discovery of the burial site within the project limits. Through this consultation, Indigenous communities shared their concern with the movement of any materials from the burial site area. They also indicated that it was desirable to keep them located on-site. Elexicon was able to modify the design of the site in order to shift the construction away from the burial zone and provide an acceptable buffer area between the project and the burial site. The additional costs to the project for consultation, engineering design changes and long term burial site protection plan have been included in the expected cost of the project.

**c) Environmental assessment guidance referenced for the assessment of cumulative effects for each project.**

Response:

The environmental assessment for Seaton TS did not use any reference material for cumulative effects. The environmental assessment process used for the Project followed the Class Environmental Assessment for Minor Transmission Facilities (Class EA; Ontario Hydro, 1992) which was the most up to date, applicable, parent Class EA at the initiation of Elexicon Energy Inc.'s predecessor, Veridian's, environmental assessment. The Class EA did not require the consideration of, nor provide guidance on assessing cumulative effects.

**d) Environmental assessment sections, chapters or available drafts detailing cumulative effects assessment methodologies and results for each project.**

Response:

An assessment of cumulative effects was not completed as part of the environmental assessment for Seaton TS. As identified in the response to part c), the environmental assessment process used for the project followed the Class Environmental Assessment for Minor Transmission Facilities (Class EA; Ontario Hydro, 1992) which was the most up to date, applicable, parent Class EA at the initiation of Elexicon's predecessor, Veridian's

environmental assessment. The Class EA did not require the consideration of, nor provide guidance on cumulative effects.

**e) Environmental assessment and/or Provincial Policy Statement guidance referenced for the assessment of cultural heritage landscapes for each project.**

Response:

The following guidance documents were used in the assessment of cultural heritage landscapes for Seaton TS:

- Class Environmental Assessment for Minor Transmission Facilities (Class EA; Ontario Hydro, 1992);
- Standards and Guidelines for Consultant Archaeologists (Ministry of Tourism, Culture and Sport, 2011);
- Criteria for Evaluating Potential for Built Heritage Resources and Cultural Heritage Landscapes, a Checklist for the Non-Specialist (Ministry of Tourism, Culture and Sport, 2016).

**f) Environmental Assessment sections, chapters or available drafts detailing cultural heritage landscape assessment methodologies and results for each project.**

Response:

The following sections and appendices from the Seaton Municipal Transformer Station Project, Environmental Study Report (ESR) (2018) provide the cultural heritage landscape methodologies and results for the Seaton TS Project:

- ESR Section 3.3: Cultural Heritage Resources;
- ESR Section 5.2: Evaluation Criteria;
- ESR Appendix B-1: Stage 1 Archaeological Assessment;

- ESR Appendix B-2: MTCS Criteria for Evaluating Potential for Built Heritage Resources and Cultural Heritage Landscapes

The ESR and appendices can be accessed at the following website: http://www.veridian.on.ca/ea-study-seaton/

**g) Costs incurred to-date for consultation with Indigenous groups for Seaton 23 TS.**

Response:

Please see the response to Staff-14 Table 1- Capitalized Consultation Costs.

**h) Costs incurred to-date for consultation with Indigenous groups for BRT.**

Response:

No consultation costs have been incurred for BRT.

**i) Costs incurred to-date for archaeological and cultural heritage assessments for Seaton 23 TS.**

Response:

**MSIFN-1 Table 2 - Days in Field for Archaeology**

| Phase | Days in Field |
|---|---|
| Stage 2 TS/Corridor | 10 |
| Stage 3 | 60 |
| Stage 4 P1 | 19 |
| Stage 4 P2 | 45 |
| Stage 4 P3 | 139 |
| Stage 2 East Driveway | 1 |
| Stage 2 South Driveway | 1 |
| Burial Investigation | 18 |
| TOTAL | 293 |

The costs in Table 3 below are separate and incremental to those listed in the response to Staff-14. They are also already included in the capitalized costs of the project in the Seaton Transformer line of the table included in response to Staff-14.

**MSIFN-1- Table 3 - Costs Incurred to Date- Archaeological and Cultural Heritage Assessments**

| Type of Work Completed | Cost ($) |
|---|---|
| Stage 1 Archaeology and Heritage | Included in overall WSP Environmental Assessment scope and not broken out individually |
| Stage 2 Archaeology- TS site and Transmission corridor/tap line | $0.04MM |
| Stage 3 Archaeology | $0.34MM |
| Stage 4 Archaeology- P1 | $0.16MM |
| Stage 4 Archaeology- P1- additional excavations | $0.23MM |
| Stage 4 Archaeology- P2 | $0.16MM |
| Stage 4 Archaeology- P3 | $0.61MM |
| Other minor work completed by WSP | $0.02MM |
| Burial Investigation | $0.27MM |
| Total: | $1.83MM |

**j) Costs incurred to-date for archaeological and cultural heritage assessments for BRT.**

Response:

No costs have been incurred for archaeological and cultural heritage assessments for BRT.

**Ministry of Energy**

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 314-2599

**Ministère de l'Énergie**

77 rue Grenville
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Ontario



**Indigenous Energy Policy**

**June 3, 2016**

Daniel Charbonneau
Senior Manager, First Nation & Métis Relations
Hydro One Networks Inc.
483 Bay Street, TCT6, South Tower
Toronto, ON M5G 2P5

Craig Smith, P. Eng.
Project Manager, Veridian Connections
Veridian Connections
55 Taunton Rd. E.
Ajax, ON L1T 3V3

**Re: Seaton Transformer Station Environmental Assessment**

Dear Messrs. Charbonneau and Smith:

Thank you for your letter of March 31, 2016 regarding the Class Environmental Assessment being undertaken by Veridian Connections ("Veridian") to evaluate alternative sites for a new 230 kV transformer station.

I understand from your letter that the transformer station Veridian is proposing to build, called Seaton Transformer Station (Seaton TS) is required to be connected to the transmission grid by Hydro One Networks Inc. (HONI). Furthermore, that Veridian and HONI have entered into a co-proponency agreement for the *Class Environmental Assessment (EA) for Minor Transmission Facilities* for both the Seaton TS facility and the upgrading of existing transmission lines to supply the new station. The planned construction of the Seaton TS and the upgrade of transmission lines to support it are required to supply the urban community of Seaton in Central Pickering.

You have informed the Ministry of Energy ("the Ministry") that there are three siting locations proposed for the new station, each with similar transmission line upgrade requirements as follows:

**SL TS Site**:

- Located in the northeast corner of Taunton Rd. and Side Line 22.
- Circuit C28C and Circuit C10A will be upgraded between Duffin Jct. and the proposed Seaton TS (the single 230 kV circuit will be replaced with a double 230 kV circuit approx. 1.5 km long).

**Brock TS Site:**

- Located north of Taunton Rd. on the east side of Brock Rd.
- Circuit C28C and Circuit C10A will be upgraded between Duffin Jct. and the proposed Seaton TS (i.e., a single 230 kV circuit will be replaced with a double 230 kV circuit approx. 3.5 km long).

**CW TS Site:**

- Located close to Hydro One owned Cherrywood TS and situated in the north east corner of circuit P15C and Dixie Rd.
- Tapping from C10A and upgrading Circuit P15C from Cherrywood TS are required to supply Seaton TS (i.e., single 230 kV circuit will be replaced with a double 230 kV circuit approx. 1 km long).

Work required for the construction of the proposed Seaton TS in each option would entail greenfield development and include:

- Construction of site access roads- length dependent on specific site. Roads will remain permanently to provide access to the site;
- Preparation of station site for construction- including possible tree/vegetation removal, grading/filling of site;
- Installation of ground grid cabling (to be covered by soil/gravel);
- Installation of oil containment (open concrete 'tubs' to contain oil, rainwater and snowmelt should it leak from transformers);
- Installation of equipment foundations for outdoor, open steel framework structures;
- Installation of concrete ducts used for protection of underground cables that will egress from station to nearby streets;
- Construction of the outdoor, open steel framework in the 230kV yard (approx. 50m x 75m);
- Construction of site building which will house additional equipment and small site office contained in the building;
- Installation of the actual conductors to carry the 230kV into the station and to carry the 28kV output of the station to nearby roads;
- Connection of the station to the nearby transmission lines;
- Installation of 2 large station transformers on their foundations;
- Transformers mounted outside in free air (i.e. not contained inside a building);
- Installation of fire separation wall between transformers;
- Security fencing installed around entire site (approx. 100m x 200m); and
- Site landscaping.

You have advised the Ministry that the work to upgrade the transmission circuits for each of the three proposed transmission upgrade options is similar and would include:

- Removal of constraints from the Right of Way (i.e. trees);
- Construction of temporary access roads;
- Construction and connection of a wood pole bypass line;
- Removal of old towers and foundations;
- Construction of new foundations and towers;
- Stringing of towers;
- Disconnection and removal of the wood pole bypass line; and
- Removal of temporary access roads.

Based on the information HONI has provided to date, the Ministry is of the view that the project has the potential to result in appreciable adverse impacts on the asserted or established rights of First Nation communities. Based on currently available information the following communities should be consulted on the basis that they have or may have constitutionally protected Aboriginal or treaty rights that may be adversely impacted by the project:

| COMMUNITY | MAILING ADDRESS |
|---|---|
| Alderville First Nation* | PO Box 46<br>Roseneath ON K0K 2X0<br>Phone: (905) 352-2011<br>Fax: (905) 352-3242 |
| Curve Lake First Nation* | 22 Winookeeda Road<br>General Delivery<br>Curve Lake ON K0L 1R0<br>Phone: (705) 657-8045<br>Fax: (705) 657-8708 |
| Hiawatha First Nation* | 123 Paudash Street<br>Hiawatha ON K9J 0E6<br>Phone: (705) 295-4421<br>Fax: (705) 295-4424 |
| Mississaugas of Scugog Island First Nation* | 22521 Island Road<br>Port Perry ON L9L 1B6<br>Phone: (905) 985-3337<br>Fax: (905) 985-8828 |
| Huron Wendat | 255 Place Chef Michel Laveau<br>Wendake, QC G0A 4V0 |
| Kawartha Nishnawbe | PO Box 1432<br>Lakefield ON K0L 2H0<br>Phone: (705) 654-4661 |

* Note: It is standard practice to copy all correspondence to the Williams Treaty First Nations to Karry Sandy-McKenzie, Williams Treaty First Nations Process Coordinator at 8 Ceswick Court, Barrie ON L4M 2J7 or inquiries@williamstreatiesfirstnations.ca

The Ministry recommends that Veridian and HONI each maintain a record of their interactions with Indigenous communities about the project. In the event that a community provides Veridian or HONI with information indicating a potential adverse impact of this project on its Aboriginal or treaty rights, I request that you notify the Ministry as appropriate.

Finally, once the decision has been made regarding which option will be implemented, please share this information with the Ministry.

Please do not hesitate to contact Adam Feather, Policy Advisor at 416-326-0513 or adam.feather@ontario.ca if you have any further questions or you wish to discuss this matter in more detail.

Sincerely,

Amy Gibson
Manager, Indigenous Energy Policy

c: Andrew Roberts, M.Sc., Project Manager – Consultant, Veridian Connections

Brian McCormick, Manager, Environmental Services and Approvals, Hydro One

Farah El Ayoubi, Team Lead, Environmental Engineering and Project Support, Hydro One

Olivera Radinovic, Environmental Planner, Environmental Engineering and Project Support, Hydro One

/af

**MSIFN – 2**

**Reference: 1. Introduction, page 4**

**Question:**

**Please provide Indigenous relations policies, including any procurement policies referencing Indigenous-owned vendors, for:**

**a) Whitby Hydro Electric Corporation**

Response:

The former legacy utility, Whitby Hydro Electric Corporation did not have any Indigenous relation policies or procurement policies referencing Indigenous-owned vendors.

**b) Veridian Connections Inc., and**

Response:

The former legacy utility, Veridian Connections Inc. did not have any Indigenous relation policies or procurement policies referencing Indigenous-owned vendors.

**c) Elexicon Energy Inc.**

Response:

Elexicon Energy ("Elexicon") currently does not have any Indigenous relation policies or procurement policies referencing Indigenous–owned vendors.

**MSIFN – 3**

**Reference: Appendix B-2, page 15**

**Question:**

**Elexicon describes using competitive procurement process for all major purchases on the Seaton 23 TS project.**

**a) Please provide further details any procurement considerations with respect to procurement from Indigenous-owned contractors/suppliers, and how quotes/bids were assessed with respect to Indigenous contractor/supplier content.**

Response:

Elexicon Energy Inc. ("Elexicon") has used a competitive procurement process for all major purchases on the Seaton TS project. Please see the response to Staff-3 a) for further details on the procurement process for Seaton TS. Elexicon does not have a procurement policy that specifically identifies Indigenous-owned contractors/suppliers for the Seaton TS, at this time.

Please also see the response to MSIFN-2(c).

**b) Please provide the Indigenous relations policies, including any procurement policies, for primary contractors for the Seaton TS project.**

Response:

As noted in the above response (a), Elexicon has used a competitive procurement process for major purchases including primary contractors for the Seaton TS project.

Please also see the response to MSIFN-2(c).

**MSIFN – 4**

**Reference: DSP, Appendix S-1, page 6, 27**

**Question:**

**Seaton 23 TS will be owned and operated by Elexicon. Hydro One Networks Inc. (HONI) regularly considers options for joint project ownership with First Nations with respect to new projects.**

**a) Was the option of joint project ownership with First Nations considered for the Seaton 23 TS project? Why or why not?**

Response:

Elexicon Energy Inc. ("Elexicon") had not considered joint ownership with First Nations for Seaton TS.

The idea of joint ownership was not raised by any First Nation during consultations in relation to the Seaton TS. Please also see the response to MSIFN-1(b).

**MSIFN – 5**

**Reference: N/A**

**Preamble:**
Ontario Power Generation (OPG), a major OEB regulated energy supplier in Durham Region, recently released its Reconciliation Action Plan**,** described as a "road map for how we intend to work in partnership with Indigenous communities, businesses and organizations to advance reconciliation. It's also about how we intend to grow and continue learning as an organization". OPG's Reconciliation Action Plan references OPG's Indigenous Relations Policy first developed in 2007 which sets out OPG's objectives for respecting Indigenous rights and interests, rules for developing and maintaining mutually beneficial relationships and partnerships with Indigenous communities, policies that require engaging in community relations and outreach, and paths to providing capacity building support, including employment and business contracting opportunities (see: https://www.opg.com/building-strong-and-safe-communities/indigenous-relations/)

**Question:**

a) **Assuming that Seaton TS and BRT receive 'leave to construct', please provide Elexicon's perspective on how it is considering reconciliation action and Indigenous relations policies to inform construction, and inform construction procurement.**

Response:

Elexicon Energy Inc. ("Elexicon") is actively working with affected Indigenous communities to inform on construction activity at the Seaton TS.

Several First Nations have signed Field Liaison agreements to monitor elements of the construction on the Seaton TS site.

Elexicon is actively considering the development of Indigenous-related policies. Elexicon will also review OPG's Reconciliation Action Plan, released on October 21, 2021, as well as other plans as it works through this process.

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response - PWU

EB-2021-0015 | November 8, 2021

**PWU – 1**

**Reference: MAADs Application (EB-2018-0236), page 20**
Under the proposed rate-making plan, LDC Mergeco will annually file a PCIR application for the previous Veridian LDC service area and an AIRI application for the previous Whitby LDC service area for the duration of the 10 year rebasing deferral period. The proposed rate making plan includes the provision of an Incremental Capital Module ("ICM"), applicable to the Veridian LDC service area only, for the nondiscretionary Seaton TS and Belleville service centre capital investments referenced above.

**Reference: MAADs Application (EB-2018-0236), page 41**
At the time of this Application, Veridian LDC has identified ICM requirements during the deferral period. These capital investments include but are not limited to supporting the forecasted electricity demands in north Pickering by means of a new transformer station (Seaton MTS) and capital investments required to meet the future needs of the Belleville Operations Centre.

**Question:**

**a) What is the status of the Belleville service centre project?**

Response:

Elexicon will not be filing an ICM for the Belleville Operations Centre.

The Belleville Operations Centre is currently in the planning stages. Construction is expected to begin in April of 2022 and is expected to be completed in November 2022.

**b) Did Elexicon identify the Bus Rapid Transit Highway 2 ("BRT") project as a potential ICM requirement at the time of the MAADs application (filed July 30, 2018)?**

Response:

No, Elexicon did not identify the BRT project as a potential ICM requirement at the time of the MAADs application.

**c) Did Elexicon consider any additional projects as candidates for ICM treatment in 2022?**

Response:

Elexicon did not formally consider any other additional projects for ICM treatment in 2022, other than the two ICM projects in this application (Seaton TS and BRT Hwy 2), and the Belleville Operations Centre (which Elexicon has decided not to include as an ICM).

**PWU – 2**

**Reference: Appendix B-1: Bus Rapid Transit DSP Business Case, page 1**

**Preamble:**
Elexicon's Bus Rapid Transit ("BRT") Relocations project is driven by Metrolinx, the Region of Durham, and Durham Region Transit to relocate existing overhead or underground infrastructure for the proposed BRT network. It is mandatory to comply with these initiated changes to public roads as based upon the Public Service Works on Highways Act ("PSWHA"). The BRT network will bring about a streamlined and enhanced public transportation option for Durham residents and Elexicon customers. This scope of work pertains to planned worked in Pickering along Highway 2, from Dixie Rd to Liverpool Rd and from Glenanna Rd to Brock Rd. Future BRT work in Ajax and Whitby is still pending an environmental assessment by the Road/Transportation Authorities and has not been budgeted at this time.

**Question:**

**a) Does Elexicon anticipate that it will apply for ICM funding in the future for BRT work in Ajax and Whitby?**

Response:

Elexicon has not yet determined whether it will apply for ICM funding related to future BRT work in Ajax and Whitby. Elexicon will need to review its planned capital expenditures closer to the expected in-service dates of such projects to determine whether or not ICM treatment would be appropriate.

**b) Does Elexicon consider the Highway 2 (Dixie to Liverpool and Glenanna to Brock) to be a discrete project or a component of the overall BRT Relocations project?**

Response:

Elexicon considers Highway 2 (Dixie to Liverpool and Glenna to Brock) to be a discrete project. Please see Elexicon's response to OEB Staff-11 for a full explanation.

**PWU – 3**

**Reference: Appendix B-1: Bus Rapid Transit DSP Business Case, page 1**

**Preamble:**

Table 1: Expenditure Summary

| | Actual ($M) | | Projected ($M) | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Predecessor 2014-2019 Average | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Gross Program Expenditures | 0.00 | 0.00 | 0.00 | 5.30 | 0.00 | 0.00 | 0.00 | 0.00 |
| Contributions | 0.00 | 0.00 | 0.00 | 1.92 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Program Expenditures | 0.00 | 0.00 | 0.00 | 3.38 | 0.00 | 0.00 | 0.00 | 0.00 |

**Question:**

**a) Please describe how the $1.92M contributions figure was determined.**

Response:

The capital contributions are calculated on a case-by-case basis based on the agreements between Elexicon and the Region of Durham. All the contributions are calculated in accordance with the Public Service Works on Highways Act, R.S.O. 1990, c. P.49. The breakdown of contributions for the BRT project is presented in PWU-3 Table 1 below.

**PWU-3 Table 1: BRT Project Estimated Expenditure Summary Breakdown**

| | | Gross ($MM) | Contribution ($MM) |
|---|---|---|---|
| **Engineering** | (a) | 0.33 | |
| **Labour, Vehicles, Subcontractors** | (b) | 3.84 | 1.32 |
| **Material** | (c) | 1.13 | 0.60 |
| **Subtotal** | | **5.30** | **1.92** |

**PWU – 4**

**Reference: Appendix B-2: Seaton TS DSP Business Case, page 9**
Seaton TS is currently projected to be built in 2022. Development areas by Seaton are still being built and constructed as stated on the City's website. Elexicon will ensure that Seaton TS will be built in advance of all developments being finished. This will ensure that Seaton can be commissioned and to start connecting the customers to the new Elexicon substation. The current state of construction for the new neighbourhood outside of electrical work includes new roads and transportation connections, stormwater sewer and sanitary networks, water lines, natural gas delivery, and telecommunication expansion.

**Reference: MAADs Application (EB-2018-0236), page 41**
Absent a merger, Veridian LDC is scheduled to file a COS rate rebasing application for 2019 rates as per the normal five year cycle within the PCIR rate-setting framework. Veridian LDC's 2019 COS application would also include an Advanced Capital Module ("ACM") for a non-discretionary material transformer station investment in the Seaton TS that is expected to be in-service in 2020 and a potential investment in a service centre for the Belleville service area expected to be in-service in 2021.

**Question:**

**a) Why was the Seaton TS delayed from 2020 to 2022?**

Response:

During the course of the Seaton TS project, extensive archaeological work was required in order to clear the site for construction. In total, over 290 days of archaeological field work, spread over non winter seasons, was required over the life of the project. Discoveries made in the archaeological work required engineering work to shift the station within the site which took time to complete and coordinate. A longer than anticipated time was also required to complete Site Plan Approval and the Building Permit processes.

Finally, an extended period of time was required to finalize the land license deal in 2021 with Infrastructure Ontario as that agency took a considerable time to confirm consultation efforts completed by Elexicon with First Nations were adequate and appropriate.

**b) Were the developments also delayed?**

Response:

The pace of developments in the Seaton TS area have been slower than expected from the onset of this project up to, and including, the period from 2020-2022. See Elexicon's response to Staff-4.

**PWU – 5**

**Reference: Distribution System Plan, page 32**

**Preamble:**

*Table 5.2-3: Summary of Changes to Asset Class Inspection Cycles for Electrical Plant*

| Asset Class | Legacy Veridian Cycle | Legacy Whitby Cycle | Elexicon Cycle |
|---|---|---|---|
| Wood Pole | 8 years | 3 years | 3 years |
| Concrete Pole | None | 3 years | 3 years |
| Overhead Conductor | None | None | 3 years |
| Pole-mounted TX | None | 3 years | 3 years |
| Pad-mounted TX | 3 years | 3 years | 3 years |
| Overhead Switch (LIS Type) | 3 years | 3 years | 3 years |
| Overhead Switch (non-LIS Type) | None | 3 years | 3 years |
| Distribution Switchgear | 3 years | 3 years | 3 years |
| Underground Cable | None | None | None |
| Vault Transformer | 3 years | None | 3 years |
| Station Power Transformer | 1.5 years | 3 years | 3 years |
| Station Circuit Breaker | 1.5 years | 3 years | 3 years |
| Station Battery | 1.5 years | 3 years | 3 years |
| Station Protective Relay | 1.5 years | 3 years | 3 years |
| Building/Fence | None | None | None |

**Question:**

**a) Why did Elexicon decide on the longer 3-year inspection cycle for station inspections instead of the 1.5 year cycle that has historically been used by Veridian?**

Response:

In reviewing this question, Elexicon has identified a mistake in the DSP Table 5.2-3: *Summary of Changes to Asset Class Inspection Cycles for Electrical Plant.* Legacy

Veridian Cycles for all listed station inspections in the noted table should have read 3 years and Legacy Whitby Cycles for all listed Station inspections should have read 1.5 years. Corrected table is below.

**Table 1: Summary of Changes to Asset Class Inspection Cycles for Electrical Plant (corrected)**

| Asset Class | Legacy Veridian Cycle | Legacy Whitby Cycle | Elexicon Cycle |
|---|---|---|---|
| Wood Pole | 8 years | 3 years | 3 years |
| Concrete Pole | None | 3 years | 3 years |
| Overhead Conductor | None | None | 3 years |
| Pole-mounted TX | None | 3 years | 3 years |
| Pad-mounted TX | 3 years | 3 years | 3 years |
| Overhead Switch (LIS Type) | 3 years | 3 years | 3 years |
| Overhead Switch (non-LIS Type) | None | 3 years | 3 years |
| Distribution Switchgear | 3 years | 3 years | 3 years |
| Underground Cable | None | None | None |
| Vault Transformer | 3 years | None | 3 years |
| Station Power Transformer | 3 years | 1.5 years | 3 years |
| Station Circuit Breaker | 3 years | 1.5 years | 3 years |
| Station Battery | 3 years | 1.5 years | 3 years |
| Station Protective Relay | 3 years | 1.5 years | 3 years |
| Building/Fence | None | None | None |

As part of the post-merger consolidation of systems and processes, Elexicon made the decision to adopt the former Veridian system of relays/batteries/chargers to better align these with the SCADA and communication platform in place, as well as long term vendor support for such systems. As such, Elexicon has generally adopted the 3-year inspection cycle which was consistent with the inspection regimen in place with the corresponding predecessor utility (Veridian). The exception to this practice is at the Thickson MS#7 station in Whitby, which maintains a 1.5 year inspection cycle due to its close proximity to the CN rail line, and concerns with contamination on equipment should the inspection cycle be extended to 3 years.

**PWU – 6**

**Reference: Distribution System Plan, page 75**

**Preamble:**

*Table 5.2-20: Historical Performance for all Safety Performance Metrics*

| | Measure | Target | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|
| Whitby | Level of Public Awareness | N/A | N/A | 78.90% | 78.90% | 83.6% | 83.6% | N/A | N/A |
| | Level of Compliance with *O. Reg. 22/04** | C | C | C | C | C | C | | |
| | Serious Electrical Incident Index | 0 | 0 | 0 | 0 | 0 | 1 | | |
| | Serious Electrical Incident Index per 10, 100, 1000km | 0 | 0 | 0 | 0 | 0 | 0.906 | | |
| Veridian | Level of Public Awareness | N/A | N/A | 82.00% | 82.00% | 83.0% | 83.0% | N/A | N/A |
| | Level of Compliance with *O. Reg. 22/04** | C | C | C | C | C | C | | |
| | Serious Electrical Incident Index | 0 | 0 | 0 | 1 | 1 | 1 | | |
| | Serious Electrical Incident Index per 10, 100, 1000km | 0 | 0 | 0 | 0.445 | 0.389 | 0.38 | | |
| Elexicon | Level of Public Awareness | N/A | N/A | 81% | 83% | 83% | 84% | 84% | 84% |
| | Level of Compliance with *O. Reg. 22/04** | C | C | C | C | C | C | C | C |
| | Serious Electrical Incident Index | 0 | 0 | 0 | 1 | 1 | 2 | 0 | 0 |
| | Serious Electrical Incident Index per 10, 100, 1000km | 0 | 0 | 0 | 0.273 | 0.268 | 0.528 | 0 | 0 |

**Compliance Assessment grades: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).*

**Question:**

**a) If 2019 and 2020 data is available, please provide. If not, please explain why it is not available.**

Response:

The 2019 and 2020 data has been provided in the chart above under the merged entity of Elexicon. The historical data was provided separately, by rate zone, only for the years prior to the merger.

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response - SEC

EB-2021-0015 | November 8, 2021

**SEC – 1**

**Reference: [Mgr. Summary, p.38]**

**Question:**

**Please provide a copy of all material provided to the Applicant's Board of Directors regarding the proposed ICM projects.**

Response:

Elexicon is requesting confidential treatment, pursuant to Sections 10.01 and 10.02 of OEB's *Rules of Practice and Procedure* (Revised July 30, 2021) and Sections 5.1.1 and 5.1.2 of the OEB's *Practice Direction on Confidential Filings* (Revised February 17, 2021) ("Practice Direction") for information provided in response to SEC-1.

In response to SEC-1, Elexicon has filed materials submitted to Elexicon's Board of Directors regarding the proposed ICM projects (the "Board Materials").

To the extent the Board Materials include materials that are not related to the ICM projects, such irrelevant information has been redacted.

Elexicon has also included the Seaton Transformer Station Business Case as it is also part of the Board Materials, and is also referenced in SEC-2.

Attachments:
SEC-1 Board Materials Related to Seaton and BRT_20211108
SEC-2- 2016_08_17 – Seaton Transformer Station Business Case_20211108

**SEC – 2**

**Reference: [Mgr. Summary, p.38]**

**Question:**

**Please provide a copy of any internal business cases for the proposed Projects, if different from the business cases filed with the Application.**

Response:

Elexicon Energy Inc. ("Elexicon") has filed the August 17, 2016 Seaton TS Business Case in its response to SEC-1.

Elexicon has attached the following business cases for BRT Hwy 2, both of which pre-date those in the DSP.

1. BRT Hwy 2 (Glenanna x Brock) Scope Document (January 6, 2020)
2. BRT Hwy 2 (Dixie x Liverpool) Scope Document (September 26, 2018)

As shown above, the BRT project was originally supported by two separate scope documents as the proposed in-service dates were initially in different budget years (2018 and 2020). This is not unlike any other non-discretionary System Access project, where Elexicon does not control the timing and scope of these projects. Based on the best available information today and as supported by the Business Case submitted as part of the DSP, Elexicon is confident that the in-service date of the BRT project will be 2022. (Please also refer to Elexicon's response to Staff-12 and SEC-9).

Consistent with the Ontario Energy Board's ("OEB") *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014, Section 7.4 states that, "*at the time of the next cost of service or*

*Custom IR application, a distributor will need to file calculations showing the actual ACM/ICM amounts to be incorporated into the test year rate base. At that time, the Board will make a determination on the treatment of any difference between forecasted and actual capital spending under the ACM/ICM, if applicable, and the amounts recovered through ACM/ICM rate riders and what should have been recovered in the historical period during the preceding Price Cap IR plan term*."

Ratepayers are held harmless for the timing differences and Elexicon expects to clear the variance account at the time of its next rebasing.

# 2. Capital Program Project Proposal Summary

| **Project Identification Information:** | | | |
|---|---|---|---|
| | Date of Proposal: 2020 JAN 06 | | |
| Proposal Version | R0 | | |
| Project Name | 2017-0526 BRT Hwy 2 (Glenanna x Brock) | | |
| Project District | Ajax | | |
| Project Location | Kingston Road from Glenanna Road to Brock Road | | |
| Project Number | | | |
| Project Period | 2020 | | |
| Required In-Service Date | 2020 DEC 31 | | |
| Preliminary Estimate: Total Capital Cost | Gross: $8,400,000 | Contribution: $2,688,000 | Net: $5,712,000 |
| Criteria Score | Non-discretionary | | |

| **Project Description:** | |
|---|---|
| Investment Category | Primary:<br>System Access 100% |
| Investment Type | Development |
| Category | G5 - Road Relocations |
| Discretion | Primary:<br>Non-discretionary; project must be undertaken to comply with legal and/or regulatory requirements in the current period |
| Project Driver(s) | The Regional Municipality of Durham plan for Bus Rapid Transit<br>The design is to modify Highway 2 through the Town of Ajax and City of Pickering to accommodate future traffic and transit services. The preferred design includes the widening of Highway 2 from four to six lanes to accommodate dedicated transit in curb lanes with buffered on-road bicycle lanes at six key intersections in the Town of Ajax and City of Pickering |
| Project Drivers Sources | Request from Regional Municipality of Durham |
| Project Scope | Relocation of Underground cables<br>44kV, 1000MCM, RWB, 81M-2<br>44kV, 1000MCM, RWB, 81M-7<br>13.8kV, 1/0 AWG, RWB, TOWN-F2<br>27.6kV, 500MCM, RWB, 47M-2 |

<table>
<tr><td>Project Benefits</td><td colspan="6">Customer focus/value<ul><li>elimination of conflict between roads (or other infrastructure, sensitive lands, etc.) and distribution system</li></ul>Reliability:<ul><li>reduced frequency of outages or risk of same</li><li>reduced duration of outages or risk of same</li></ul>Operational effectiveness/efficiency<ul><li>NA</li></ul>Safety<ul><li>NA</li></ul>Cyber-security and privacy<ul><li>NA</li></ul>Coordination and Interoperability<ul><li>NA</li></ul>Economic Development<ul><li>NA</li></ul>Environmental Benefits<ul><li>NA</li></ul></td></tr>
<tr><td rowspan="5">Project Costs</td><td>Current Fiscal Year</td><td>CFY + 1</td><td>CFY + 2</td><td>CFY + 3</td><td>CFY + 4</td><td>CFY + 5</td></tr>
<tr><td>Total Capital</td><td>$8,400,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Contributions</td><td>$2,688,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Net Capital</td><td>$5,712,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total Operating</td><td>NA</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Estimate Class</td><td colspan="6">B (+/- 25%)</td></tr>
<tr><td>Investment Criteria/Priority Score</td><td colspan="6">Non-discretionary.</td></tr>
<tr><td>Alternatives to Project</td><td colspan="6">No technically viable and/or economically feasible alternatives to the proposed project were available because of the road relocation. Elexicon will be moving existing equipment out of the proposed road works.</td></tr>
<tr><td>Risks and Issues – Elexicon Energy Perspective</td><td colspan="6"><ul><li>Strategic:</li></ul>Project failure could affect Elexicon Energy's service area and/or reputation. Additionally, Failure of project completion could affect the Bus Rapid Transit in Region of Durham.<ul><li>Financial:</li></ul>No significant uncertainty around capital contributions or the cost estimate overall.<ul><li>Operational:</li></ul>There no significant uncertainty around the timing of the project<ul><li>Compliance/Regulatory:</li></ul>There is no uncertainty or ambiguity around whether the project meets or may violate compliance or regulatory requirements</td></tr>
</table>

| | |
|---|---|
| Construction Constraints / Restrictions | • Preferred Seasonal Activity – construction may be more cost effective and efficient if completed during a specific season or time period (e.g. underground cable replacement is preferred outside of the winter season).<br>• Restricted Access – access for construction may only be possible during a specific season or time period depending on Region of Durham timing. |
| Long Delivery Equipment or Material | 500MCM Cable<br>1000MCM Cable |
| RFQ/RFP Required | RFQ/RFP required for the civil works and possibly the installation of the underground cable. |
| File References | Capital Projects- Scopes and Descriptions\2017-0526B BRT Hwy 2 (Glenanna x Brock) |

| | | |
|---|---|---|
| Submitted By: | Mohammad Khonsari | Date: 6 January 2020 |
| Checked By: | Ed Johnston | Date: |
| Reviewed By: | Faisal Habibullah | Date: |
| Approved By: | Kevin Whitehead | Date: |

Previous versions are to be retained and not overwritten for record purposes to follow project scope development.

# A. General Project Information (Refer to Page 20 in OEB Chapter 5 Requirements)

## Capital and O&M Costs

Please refer to Project Description table above.

## Customer Attachments and Load

Not Applicable.

## Start Date, In-service Date, Expenditure Timing

Please refer to Project Identification and Project Description tables above.

## Risks to Project Completion

- Delay in delivery of critical material.
- Unavailability of contractor or internal resources.

## Expenditures on Equivalent Projects

Due to the site-specific and other highly individual features of this project, Elexicon has not been able to identify equivalent historical projects to which a comparison could be made.

### Renewable Energy Generation Costs
This project does not involve any REG components.

### Leave to Construct Requirements
This project does not require Leave to Construct approval.

## B. Project Evaluation Criteria (Refer to Pages 20-21 in OEB Chapter 5 Requirements)

### Primary Project Drivers
Elexicon received a plant relocation request from the Region of Durham to move its distribution equipment to permit the widening of Highway #2 for Bus Rapid Transit.

### Secondary Project Drivers
No significant secondary drivers for this project are present.

### Project Priority
The project is non-discretionary. Projects are required to meet obligations under law or Code.

### Project Benefits
#### System Operation Efficiency and Cost Effectiveness
No material effect on system operation efficiency and cost effectiveness is expected from these projects.

#### Customer Value
Lower operating and maintenance costs will result from the investment

#### Reliability
The project will result in reduced frequency of outages and/or reduced duration of outages

#### Safety
No material effect on safety is expected from this project.

#### Cyber-security and Privacy
No material effect on Cyber-security and Privacy is expected from these projects.

#### Coordination and Interoperability
No material effect on coordination and Interoperability.

#### Economic Development
No material effect on Economic Development is expected from this project.

#### Environmental Benefits
No material Environmental Benefits are expected from this project.

## C. Category-specific requirements for each project/activity (Refer to Pages 22 to 25 in OEB Chapter 5 Requirements)

### Additional Information – System Access Projects

#### Timing and Priority

Region of Durham would like Elexicon to have project completed by end of 2020.

#### Customer and Third Party Preferences

No (other) customer or third party preferences were expressed in connection with this project.

#### Other Planning Objectives

No other planning objectives materially affected this project.

#### Final Economic Evaluation

An Economic Evaluation was not applicable to this project.

#### System Impacts

No material system impacts are created by this project.

#### Identification and Assessment of Project Alternatives

No technically viable and/or economically feasible alternatives to the proposed project were available because of the road relocation. Elexicon will be moving existing equipment out of the proposed road works.

# 2. Capital Program Candidate Project Proposal Summary

| **Project Identification Information:** | | | |
|---|---|---|---|
| | Date of Proposal: 2018 September 26 | | |
| Proposal Version | R0 = Original submission | | |
| Project Name | BRT Hwy 2 (Dixie x Liverpool) | | |
| Project District | Ajax | | |
| Project Location | Kingston Rd from Dixie Road to Liverpool Road | | |
| Project Number | 2017-0526C ARR.18.015/1830.18.345 | | |
| Project Period | 2018 | | |
| Required In-Service Date | 2018 DEC 30 | | |
| Preliminary Estimate: Total Capital Cost | Gross: $720,000 | Contribution: $216,000 | Net: $504,000 |
| Criteria Score | Non-Discretionary | | |

| **Project Description:** | |
|---|---|
| Investment Category | Primary:<br>System Access 100%<br>System Renewal 0%<br>System Service 0%<br>General Plant 0% |
| Investment Type | Development |
| Category | G2 New Feeders |
| Discretion | Primary:<br>1. Non-discretionary; project must be undertaken to comply with legal and/or regulatory requirements in the current period |
| Project Driver(s) | 1. Primary of project:<br>The Regional Municipality of Durham plan for Bus Rapid Transit<br>The design is to modify Highway 2 through the Town of Ajax and City of Pickering to accommodate future traffic and transit services, The preferred design includes the widening of Highway 2 from four to six lanes to accommodate dedicated transit in curb lanes with buffered on-road bicycle lanes at six key intersections in the Town of Ajax and City of Pickering<br>2. Secondary driver: No secondary drivers. |
| Project Drivers Sources | Request from Regional Municipality of Durham |
| Project Scope | Relocation of 36 hydro poles. |
| Project Benefits | Customer focus/value<br>• access to the system for new customers<br><br>Reliability<br>• NA |

<table>
<tr><td></td><td>Operational effectiveness/efficiency<ul><li>NA</li></ul>Safety<ul><li>NA</li></ul>Cyber-security and privacy<ul><li>NA</li></ul>Coordination and Interoperability<ul><li>NA</li></ul>Economic Development<ul><li>NA</li></ul>Environmental Benefits<ul><li>NA</li></ul></td></tr>
<tr><td>Project Costs</td><td><table>
<tr><td>Current Fiscal Year</td><td>CFY + 1</td><td>CFY + 2</td><td>CFY + 3</td><td>CFY + 4</td><td>CFY + 5</td></tr>
<tr><td>Total Capital</td><td>$720,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Contributions</td><td>$216,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Net Capital</td><td>$504,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total Operating</td><td>$720,000</td><td></td><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>Estimate Class</td><td>B (+/- 25%)<br><br>Other estimate classes <A (+/-10%); B (+/-25%)></td></tr>
<tr><td>Investment Criteria/Priority Score</td><td>Non-Discretionary</td></tr>
<tr><td>Alternatives to Project</td><td>a) No alternatives to the project are technically feasible or cost effective<br>b) The status quo (do nothing) is not recommended, since workers and public safety is of concern</td></tr>
<tr><td>Risks and Issues – Veridian Perspective</td><td><ul><li>Strategic: The project (or its failure) can affect Veridian's reputation.</li><li>Financial: There is no significant uncertainty around capital contributions or the cost estimate overall</li><li>Operational: There no significant uncertainty around the timing of the project</li><li>Compliance/Regulatory: There is no uncertainty or ambiguity around whether the project meets or may violate compliance or regulatory requirements</li></ul></td></tr>
<tr><td>Construction Constraints / Restrictions</td><td>There are no construction constraints/restrictions for this project.</td></tr>
<tr><td>Long Delivery Equipment or Material</td><td>36 Hydro Poles</td></tr>
<tr><td>RFQ/RFP Required</td><td></td></tr>
<tr><td>File References</td><td>BRT Hwy 2 (Liverpool x Dixie)</td></tr>
</table>

| Submitted By: | Matthew Fisher | Date: September 26, 2018 |
|---|---|---|

# Veridian Capital Project Tracking and Reporting Template

| | | |
|---|---|---|
| Checked By: | Ed Johnston | Date: |
| Reviewed By: | Craig Smith | Date: |
| | | |
| Approved By: | Peter Petriw | Date: |

Previous versions are to be retained and not overwritten for record purposes to follow project scope development.

## A. General Project Information (Refer to Page 20 in OEB Chapter 5 Requirements)

### Capital and O&M Costs

### Customer Attachments and Load

Not Applicable.

### Start Date, In-service Date, Expenditure Timing

Please refer to Project Identification and Project Description tables above.

### Risks to Project Completion

No significant or unusual risks to project completion have been identified for this project.

### Expenditures on Equivalent Projects

| Budget Number | Project Name | Project Number | Number of Poles | # of Circuits & (O/H or U/G or O/H & U/G) | Cost | Cost per pole |
|---|---|---|---|---|---|---|
| 2009-0002 | Brock Rd Relocation (Rossland X CPR Tracks) | ACA.08.0018 | 38 | 2 circuits (38 poles of stringing) | $ 772,990.00 | $ 20,341.84 |
| 2012-0039 | Hwy#2 Widening (Denmar x Southview) due to BRT | ARR.12.0005 | 34 | 2 circuits North 3 circuits south O/H | $ 840,431.00 | $ 24,718.56 |
| 2012-0001A | Pickering Beach Road 44kV Feeder- North | ACA.13.0001 | 13 | 3 circuits O/H | $ 309,818.00 | $ 23,832.15 |

### Renewable Energy Generation Costs

This project does not involve any REG components.

### Leave to Construct Requirements

This project does not require Leave to Construct approval.

## B. Project Evaluation Criteria (Refer to Pages 20-21 in OEB Chapter 5 Requirements)

### Primary Project Drivers

Veridian received a plant relocation request from the Region of Durham to move its distribution equipment to permit the widening of Kingston Road from Dixie to Liverpool.

### Secondary Project Drivers

No significant secondary drivers for this project are present.

### Project Priority

The project is required to meet obligations under law or Code.

## Project Benefits

### System Operation Efficiency and Cost Effectiveness
No material effect is expected from this project.

### Customer Value
No material effect is expected from this project.

### Reliability
No material effect is expected from this project.

### Safety
No material effect is expected from this project.

### Cyber-security and Privacy
No material effect is expected from this project.

### Coordination and Interoperability
No material effect is expected from this project.

### Economic Development
No material effect is expected from this project.

### Environmental Benefits
No material effect is expected from this project.

## C. Category-specific requirements for each project/activity (Refer to Pages 22 to 25 in OEB Chapter 5 Requirements)

## Additional Information – System Renewal Projects
[Note: Omit for System Access and System Service Projects]

### Asset Performance Objectives
[For asset(s) in question, provide information on expected asset performance (e.g., rate of outages, availability rate, etc.) and describe maintenance protocols intended to optimize asset life.]

### Condition of Assets
[Provide a detailed statement of the condition of the assets to be replaced, noting the source of information (asset condition assessment, field inspection, etc), age of the assets and typical life expectancy of assets, factors which may have hastened deterioration, and performance record of the assets.]

### Consequences of Asset Failure
[Provide quantitative information on the number of customers (by class, where possible) affected by asset failure, frequency and duration of outages caused by asset failure, and risk of asset failure. Explain any safety consequences that may exist. Also note qualitative impacts such as criticality of load, customer dissatisfaction with historical outages, greater-than-average customer requirements for reliability and power quality (e.g., specialized manufacturing), customer access to backup supplies.]

Timing and Priority

[Apart from the information above re risk and consequence of asset failure, discuss any other factors affecting the timing/priority of the project. Explain the priority of this project relative to other projects. For projects involving large scale replacement of existing assets over several years, explain the factors influencing the rate of asset replacement. Refer if appropriate to Project Alternatives Assessment below.]

O&M Consequences

[Provide the expected (quantitative) impact on O&M of both doing the project (reduced O&M expected) and not doing the project (steady or increasing O&M expected).

Identification and Assessment of Project Alternatives

[Note: this section may vary considerably in length and complexity depending on the project in question. Two types of analysis are required by the OEB:]

Deferral of Project

[Provide information on the risks, costs, and benefits of deferring the project. Risks would pertain to how risk of asset failure increases with time (e.g., sharply, significantly, moderately). Costs could include incremental costs caused by catastrophic asset failure (including safety, if applicable), customer outage costs, other factors causing costs to increase if project deferred. Benefits would include the avoided cost of not doing the project now.]

Alternative Projects

[Either]

No technically viable and/or economically feasible alternatives to the proposed project were available because [provide brief explanation].

[Or]

[Identify and describe in reasonable detail one to three plausible or possible alternative approaches to achieving the same objectives as the proposed project, explaining the process used to generate alternatives and the criteria by which alternatives were evaluated. Where possible, provide quantitative information on costs of alternatives, or qualitative (directional) information on relative cost levels. Explain why candidate alternatives were rejected (e.g., lifecycle costs were higher; design not acceptable to customer or authorities; technical requirements not met or technical characteristics were inferior; safety characteristics inferior, etc.)

If the project could be configured as a like-for-like replacement (to current standards), but has added features intended to produce other benefits, compare costs and benefits of just the like-for-like replacement to those for the enhanced project that is proposed. This could include a discussion of savings realized by including the enhancement at the time the other work is done versus doing the enhancement work separately.]

## Additional Information – System Access Projects

[Note: Omit for System Renewal and System Service Projects]

Timing and Priority
[Given that System Access projects are mandatory to begin with, discuss any further factors or requirements pertaining to in-service dates etc. This will likely refer to plans of external parties (customers, developers, road authorities).]

Customer and Third Party Preferences
[Either]

No (other) customer or third party preferences were expressed in connection with this project.

[Or]

[Discuss preferences or requirements of customers or third parties, apart from timing issues already noted above, affecting the project. Examples could include municipal undergrounding requirements, phasing for residential or other subdivisions, etc.]

Other Planning Objectives
[Either]

No other planning objectives materially affected this project.

[Or]

[If secondary drivers of the project were identified above, refer to the discussion of secondary drivers above.]

Final Economic Evaluation
[Either]

An Economic Evaluation was not applicable to this project.

[Or]

[Summarize results (total costs, capital contribution required) of the final economic evaluation. Note: at the time of preparation, the final economic evaluation will likely not be available. Consider inserting initial estimate if available, and flag this section for completion after final economic evaluation available.

If cost sharing is in effect for equipment relocation, describe the results of the cost sharing protocol.]

System Impacts
[Either]

No material system impacts are created by this project.

[Or]

[Provide information on significant system impacts (e.g., need to install additional upstream capacity, etc.) arising from the project, their associated costs, and how those costs will be recovered (i.e.,

except in the case of REG investments, costs would be recovered through Veridian distribution rates).

In the case of REG investments, identify the system impacts (e.g., modifications necessary to enable connection of REG) and what portion of costs are to be recovered from provincial ratepayers under the 'Direct Benefits' provisions of Section 79.1 of the OEB Act and Ontario Regulation 330/09. See Regulatory for guidance.]

Identification and Assessment of Project Alternatives
[Note: this section may vary considerably in length and complexity depending on the project in question.]

[Either]

No technically viable and/or economically feasible alternatives to the proposed project were available because [provide brief explanation].

[Or]

[Identify and describe in reasonable detail one to three plausible or possible alternative approaches to achieving the same objectives as the proposed project, explaining the process used to generate alternatives and the criteria by which alternatives were evaluated. Where possible, provide quantitative information on costs of alternatives, or qualitative (directional) information on relative cost levels. Explain why candidate alternatives were rejected (e.g., lifecycle costs were higher; design not acceptable to customer or authorities; technical requirements not met or technical characteristics were inferior; safety characteristics inferior, etc.)]

## Additional Information – System Service Projects

[Note: Omit for System Access and System Renewal Projects]

[Note: Many items specified in Chapter 5 filing requirements for System Service projects should already have been covered above under project benefits.]

Identification and Assessment of Project Alternatives
[Note: this section may vary considerably in length and complexity depending on the project in question. Two types of analysis are required by the OEB:]

Deferral of Project or Doing Nothing
[Provide information on the risks, costs, and benefits of deferring or not doing the project. Risks would pertain to how risk of capacity shortage or other adverse impacts increases with time (e.g., sharply, significantly, moderately). Costs could include incremental costs caused by catastrophic asset failure due to overloading (including safety, if applicable), customer outage costs, other factors causing costs to increase if project deferred. Benefits would include the avoided cost of not doing the project now.]

Alternative Projects
[Either]

No technically viable and/or economically feasible alternatives to the proposed project were available because [provide brief explanation].

[Or]

[Identify and describe in reasonable detail one to three plausible or possible alternative approaches to achieving the same objectives as the proposed project, explaining the process used to generate alternatives and the criteria by which alternatives were evaluated. Where possible, provide quantitative information on costs of alternatives, or qualitative (directional) information on relative cost levels. Explain why candidate alternatives were rejected (e.g., lifecycle costs were higher; design not acceptable to customer or authorities; technical requirements not fully met or technical characteristics were inferior; safety characteristics inferior, etc.)

**SEC – 3**

**Reference: [Appendix B]**

**Question:**

**Please provide any information used by the Applicant in benchmarking of costs for projects similar to the two ICM projects, or advise that no benchmarking was carried out.**

Response:

Please see Elexicon's response to OEB Staff-3(b) and OEB Staff-10(b).

**SEC – 4**

**Reference:** [Appendix B, p.6]

**Question:**

**a) Please provide a detailed capital projects table in the form established in the Board's Appendix 2-AA (normally applicable for cost of service applications), for 2022 and the previous four years, including all capital projects (i.e. not excluding merger-related projects).**

Response:

Elexicon Energy Inc.'s ("Elexicon") capital programs table in the form of Appendix 2-AA for 2022 and the previous four years has been filed as an attachment to this response.

**b) Please identify all projects in the table that are merger related (for example the CIS consolidation and upgrades).**

Response:

Material merger related projects included with Appendix 2-AA include:

2020
- Great Plains Upgrade and Consolidation $0.7MM

2021
- CIS Consolidation $1.0MM

2022
- SCADA Upgrade $0.6MM

| | |
|---|---|
| File Number: | 0 |
| Exhibit: | |
| Tab: | |
| Schedule: | |
| Page: | |
| Date: | |

# Appendix 2-AA
# Capital Projects Table

| Projects | 2018 | 2019 | 2020 | 2021 Bridge Year | 2022 Test Year |
|---|---|---|---|---|---|
| Reporting Basis | MIFRS | MIFRS | MIFRS | MIFRS | MIFRS |
| SYSTEM ACCESS | | | | | |
| A1 - Road Relocation | 4.80 | 3.64 | 4.75 | 23.05 | 5.54 |
| Region of Durham BRT Road Relocation | 0.00 | 0.00 | 0.00 | 0.00 | 5.30 |
| A2 - Connection of New Services | 8.85 | 15.77 | 14.95 | 8.94 | 12.88 |
| A3 - Feeder Expansion | 0.69 | 0.53 | 2.68 | 8.85 | 2.32 |
| A4 - Metering | 0.97 | 0.97 | 1.24 | 1.84 | 1.33 |
| A5 - Customer Requested Work | 0.65 | 0.51 | 1.42 | 2.00 | 0.10 |
| Sub-Total | 15.97 | 21.43 | 25.04 | 44.68 | 27.47 |
| SYSTEM RENEWAL | | | | | |
| R1 - Substation Renewal | 3.44 | 7.52 | 2.97 | 7.08 | 9.40 |
| R2 - Renewal Programs-Rebuilds | 5.28 | 5.47 | 2.60 | 5.65 | 5.30 |
| R3 - Renewal Programs-Poles | 1.91 | 6.48 | 1.57 | 1.20 | 2.40 |
| R4 - Renewal Programs-Distribution Transformers | 2.06 | 0.85 | 0.48 | 1.08 | 1.30 |
| R5 - Renewal Programs-Switches & Switchgears | 1.65 | 1.92 | 1.80 | 1.32 | 1.53 |
| R6 - Renewal Programs-Others | 0.67 | 0.45 | 1.13 | 0.95 | 0.77 |
| R7 - Renewal Programs-Reactive | 2.42 | 2.28 | 2.33 | 1.87 | 1.84 |
| R8 - Voltage Conversion-Reliability | 0.00 | 0.43 | 0.69 | 0.53 | 0.90 |
| Sub-Total | 17.43 | 25.40 | 13.56 | 19.67 | 23.44 |
| SYSTEM SERVICE | | | | | |
| S1-Substations Growth & Expansion | 0.12 | 5.65 | 0.64 | 0.00 | 40.76 |
| S2-Substation Upgrades | 0.80 | 0.16 | 0.00 | 0.00 | 0.00 |
| S3-Standards Equipment Reliability and Compliance | 0.27 | 0.27 | 0.33 | 0.30 | 0.30 |
| S4-Feeder Enhancement | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 |
| S5-System Reliability Improvements | 1.23 | 1.01 | 1.02 | 1.12 | 1.74 |
| Sub-Total | 2.42 | 7.15 | 1.98 | 1.42 | 42.81 |
| GENERAL PLANT | | | | | |
| P1 - Facilities | 0.92 | 1.12 | 0.79 | 3.58 | 0.74 |
| P2 - Fleet | 0.71 | 2.10 | 0.80 | 1.86 | 1.41 |
| P3 - Information Technology | 1.57 | 1.95 | 4.31 | 6.46 | 4.16 |
| P4 - Tools & Equipment | 0.87 | 0.49 | 0.16 | 0.16 | 0.15 |
| P5 - Intangibles | 0.00 | 0.65 | 0.02 | 0.00 | 0.00 |
| Sub-Total | 4.08 | 6.31 | 6.08 | 12.06 | 6.46 |
| Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **39.90** | **60.29** | **46.66** | **77.83** | **100.18** |
| Less Renewable Generation Facility Assets and Other Non-Rate-Regulated Utility Assets *(input as negative)* | | | | | |
| **Total** | **39.90** | **60.29** | **46.66** | **77.83** | **100.18** |

***Notes:***

Planned projects in the years 2018 and 2019 have been reassigned to the program breakdown as defined by Elexicon. Whereas the total annual gross expenditures aligns to 2-AB of the DSP, the breakdown of CAPEX by investment category may not align between the two appendices since Appendix 2-AB is based on the expenditure categorization used by the legacy Whitby Hydro Electric Corporation and Veridian Connections Inc.

1 Please provide a breakdown of the major components of each capital project undertaken in each year. Please ensure that all projects below the materiality threshold are included in the miscellaneous line. Add more projects as required.

2 The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the capital budget in the miscellaneous category.

The capital projects table is representative of the gross expenditures equating to the total expenditures found in 2-AB.

**SEC – 5**

**Reference:** [Appendix B, p.9]

**Question:**

**Please provide a calculation of the most recent achieved ROE for the VRZ separately.**

Response:

The most recently achieved ROE calculated for Veridian Rate Zone ("VRZ") was 9.21% (2018). Subsequent to the merger and formation of Elexicon (April 2019), it is only practical to calculate ROE for the merged entity.

**SEC – 6**

**Reference:** [Appendix B, p.11]

**Preamble:**
SEC notes that "the recent 2020 IRRP coincident load forecast for Whitby TS T1/T2 (27.6 kV) shows that for 2018 and 2019, the projected load from the 2016 report has not materialized."

**Question:**

a) **Please explain the lower than forecast load in the past years. Please provide details with respect to how the lower load forecast will impact the capital and operating costs of the Applicant going forward.**

Response:

For an explanation of the lower than forecast load in prior years, please see Elexicon Energy Inc.'s ("Elexicon") response to OEB Staff-4. As is explained in that response, if Seaton TS is not constructed as proposed, based on the most up-to-date and best available information, Elexicon expects to exceed the Limited 10-day Rating ("LTR") of the Whitby TS 27.6 kV system in 2023.

Upon review, Elexicon had discovered that there was a typographical error in the Distribution System Plan ("DSP").

*"the recent 2020 IRRP coincident load forecast shows…."* should have read
*"the recent 2020 RIP coincident load forecast shows…."*

The reference material is the 2020 Region Infrastructure Plan ("RIP") published by Hydro One Networks Inc. ("HONI") in 2020 (DSP, Appendix C). The Integrated Regional Resource Plan ("IRRP") is a separate document published by the IESO in 2016.

The actual load is lower than the forecasted load due to delays in the Seaton area residential developments. Please see Elexicon's response to OEB Staff-4 for a detailed discussion regarding load forecast differences.

The lower load forecast for Whitby TS 27.6 kV does not have a significant impact to capital and operating costs. The majority of load growth for Whitby TS 27.6 kV is attributed to the Seaton area development. Since the cost of infrastructure expansion to supply Seaton is contributed by the Seaton developers, a delay in the project does not affect Elexicon's other capital and operating expenditures.

**SEC – 7**

**Reference:** [Appendix B, p.17]

**Question:**

**a) Please confirm that the proposed in-service date of Seaton TS is December 31, 2022. If that is not correct, please advise the correct in-service date.**

Response:

Please see Elexicon's response to Staff-5d.

**b) If the in-service date is after the 2022 summer peak, please explain why it is being brought into service in 2022 rather than in the spring of 2023.**

Response:

The expected in-service date for Seaton TS will be after the expected 2022 summer system loading peak. The following considerations are guiding Elexicon Energy Inc. ("Elexicon") to bring the new station into service in late 2022:

a. Current system capacity forecasts indicate that capacity to feed Seaton area customers from current supply sources will be exhausted in 2023 (see Elexicon's response to Staff-4). Elexicon's practice to prudently and conservatively manage its distribution system has led to the decision to pursue an in-service date for Seaton TS in 2022, in order to ensure there is no jeopardy to its ability to supply customers in the project area. Should demand increase faster than expected due to continued economic expansion post-COVID, or project area customers experience abnormally hot weather in early 2023, Elexicon would be forced to spend additional capital to bring feeders from surrounding transformer stations in a very rushed manner to supply Seaton

load if the station was not yet in-service. Failing to do that, Elexicon would be faced with the risk of not being able to serve new loads or potentially be forced to operate its distribution system in an overloaded state.

b. An arbitrary delay of the project in service date to 2023 would be subject to change orders from the project's General Contractor and corresponding cost increases. Elexicon estimates this could be upwards of $0.1MM, depending on exact timing and specific impacts.

c. Potential cost penalties could come from Hydro One and its work to prepare for the Seaton TS's connection to the transmission system work including tap line construction and project specific protection and control work. Elexicon estimates this could be upwards of $0.1MM depending on exact timing and specific impacts.

d. Bringing Seaton TS into service in 2022 versus 2023 will also minimize project carrying costs that will be borne by Elexicon customers. A delay to the Seaton TS in-service date of mid-2023 would add between $0.6MM and $0.8MM in carrying costs to the project, depending on interest rates and exact timing of the delay.

**SEC – 8**

**Reference:** [Appendix B-1, p.1]

**Question:**

**Please provide a table showing all retirements as a result of the BRT ICM project. Please calculate the impact on 2022 rate base, depreciation and cost of capital of those retirements.**

Response:

The following table outlines the retirements as a result of the BRT ICM project.

**Table SEC-8: BRT Retirements**

| Description | OEB# | Useful Life | Cost | Annual Depreciation | Years Depreciated | Amount Not Depreciated |
|---|---|---|---|---|---|---|
| Underground Conduit | 1840 | 60 | $ 857,000 | $ 14,283 | 21 | $ 557,050 |
| Underground Conductor & Devices-Conductor | 1845 | 40 | $ 1,639,000 | $ 40,975 | 21 | $ 778,525 |
| | | | $ 2,496,000 | $ 55,258 | | $ 1,335,575 |

Using the full undepreciated value of the retired assets, the impact of the assets retired as a result of the BRT project are as follows:

- Rate base of $1.3M
- Annual depreciation of $55K
- Cost of capital of $88K (Debt of $38K plus Equity of $50K)

**SEC – 9**

**Reference:** [Appendix B-1, p.13]

**Preamble:**
With respect to the BRT Relocation project, SEC notes "As the BRT Relocations work is initiated by external parties, the biggest risk to the project is external delays to starting the work. This risk is completely outside of Elexicon's control."

**Question:**

a) **Please explain, with supporting documents, EEI's budgeting method and EEI's budget estimate confidence level considering the uncontrollable factors noted above.**

Response:

Please see Elexicon Energy Inc.'s ("Elexicon") response to Staff-10 with respect to budgeting and estimating for the BRT project.

Please see Elexicon's response to Staff-12 with respect to the status and schedule of the BRT project.

The construction schedule/timelines are consistent with those identified in the project business case submitted as part of Elexicon's Distribution System Plan ("DSP"). In order to have confidence that a System Service project like BRT, which can potentially be impacted by factors beyond Elexicon's control, will commence on time and as per schedule, Elexicon requires a financial commitment from the customer in the form of a purchase order ("PO") to finalize design work and a written confirmation of the schedule. Elexicon has received correspondence from the Region of Durham, indicating that this project must be completed in 2022. On September 1st 2021, Elexicon received a PO for this project from the Region of Durham.

**b) Please confirm that the timelines of the project are as set forth in the business case, or provide a new forecast of timelines and in-service date.**

Response:

Please refer to response to a) above and the response to Staff-12.

**SEC – 10**

**Reference:** [Appendix B-2, p.12]

**Question:**

**With regard to the Seaton TS project, please provide a revised Table 7 including 2020 actuals and 2021 year-to-date actuals.**

Response:

**SEC-10 Table-1: Updated Table 7 to include 2020 actuals and 2021 year-to-date actuals**

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 YTD* | Total Additions 2015-2021 |
|---|---|---|---|---|---|---|---|---|
| Year-End Pickering Residential Customers | 28,779 | 29,050 | 29,471 | 29,957 | 30,249 | 30,732 | 30,963 | 2184 |
| Year-End Pickering households | 30,815 | 30,985 | 31,465 | 31,990 | 32,250 | 33,525 | ** | 2710 |

** 2021 year-to-date include customer count from January to September 2021.*
*** 2021 year-to-date Pickering household figure is not yet published by Region of Durham*

**SEC – 11**

**Reference:** [Appendix C, p.2]

**Question:**

**Please provide a detailed calculation showing the dollar impact on the proposed ESM threshold of the proposal to use 9.43% ROE rather than the current Board-approved ROE level for electricity distributors.**

Response:

In the Decision and Order in the Merger, Acquisitions, Amalgamations, and Divestitures ("MAADs") Application between Veridian Connections Inc. and Whitby Hydro Electric Corporation (EB-2019-0236) ("Elexicon MAADs Decision") the Ontario Energy Board ("OEB") made the following findings:

> *"The OEB orders that the ESM proposal be filed by December 31, 2021 in accordance with prevailing OEB policy at that time. This requirement is consistent with that made in the Decision and Order in the Alectra Utilities amalgamation proceeding.[1]"*

In compliance with the Elexicon MAADs Decision, Elexicon Energy Inc. ("Elexicon") filed its ESM proposal on August 18, 2021, with the pre-filed evidence in this proceeding (the "Elexicon Application").[2]

As mentioned in the Elexicon MAADs Decision, in Alectra Utilities Corporation's ("Alectra") MAADs Decision (EB-2016-0025/EB-2016-0360) the OEB similarly ordered

[1] EB-2016-0025/EB-2016-0360
[2] EB-2021-0015 – 2022 Incentive Rate-Making Application dated August 18, 2021, Appendix C.

Alectra to the file plans for an ESM by December 31, 2019.[3] Subsequently, in its 2020 Incentive Regulation Mechanism Application (the "Alectra Application") (EB-2019-0018), Alectra filed its ESM proposal and sought an order from the OEB approving its ESM proposal for the 2022-2026 period.[4]

Therefore, consistent with the Alectra Application, Elexicon is making an amendment to the relief sought in its pre-filed evidence filed on August 18, 2021[4] by adding the request for an order approving Elexicon's Earning Sharing Mechanism proposal for the 2024-2028 period.

The information requested in this interrogatory is not relevant to the matters at issue in this application.

The information sought in this interrogatory relates to the methodology being used to calculate the ROE under the ESM proposal. The OEB in the Partial Decision and Interim Rate Order to the Alectra Application ("Alectra Decision") found that:

> *"The methodology in calculating an approved ROE for a newly cconsolidated entity, or any allocations that would be required between rate zones in determining deemed and achieved returns, are factors that are not discussed in either the MAADs Policy, MAADs Handbook, or in the approval of the Alectra Utilities amalgamation.*
>
> *The OEB will defer these matters for consideration in Alectra Utilities' first rate application following the completion of its 2022 fiscal year (the first year*

[3] EB-2016-0025/EB-2016-0360, Decision and Order dated December 8, 2016, at page 30.
[4] EB-2021-0015 – 2022 Incentive Rate Making Application, at page 6.

*that the ESM is in effect for). The OEB expects Alectra Utilities to address these issues in its pre-filed evidence related to the ESM at that time."* [5]

Consistent with the Alectra Decision, Elexicon believes that this issue is best dealt with in the first rate application following the completion of its 2024 fiscal year (the first year for which the ESM would be in effect).

[5] EB-2019-0018 – Partial Decision and Interim Rate Order dated December 12, 2019, at page 43.

**SEC – 12**

**Reference:** [Appendix C, p.3]

**Question:**

**a) Please confirm that, in the calculation of ROE under the Applicant's proposal, both the revenues and the costs (including incremental capital and operating costs, interest, depreciation, and PILs associated with the BRT project and the Seaton TS) will be excluded from the calculation.**

Response:

The information requested in this interrogatory is not relevant to the matters at issue in this application.

The information sought in this interrogatory relates to the methodology being used to calculate the ROE under the Earnings Sharing Mechanism ("ESM") proposal.

As mentioned in response to SEC-11, in its Partial Decision and Interim Rate Order to the Alectra Utilities Corporation's 2020 Incentive Regulation Mechanism Application (EB-2019-0018) ("Alectra Decision"), the Ontario Energy Board ("OEB") found that:

> *"The methodology in calculating an approved ROE for a newly consolidated entity, or any allocations that would be required between rate zones in determining deemed and achieved returns, are factors that are not discussed in either the MAADs Policy, MAADs Handbook, or in the approval of the Alectra Utilities amalgamation.*
>
> *The OEB will defer these matters for consideration in Alectra Utilities' first rate application following the completion of its 2022 fiscal year (the first year*

*that the ESM is in effect for). The OEB expects Alectra Utilities to address these issues in its pre-filed evidence related to the ESM at that time."* [1]

Therefore, consistent with the Alectra Decision, Elexicon Energy Inc. ("Elexicon") believes that matters related to the methodology in calculating an approved ROE for Elexicon is best dealt with in the first rate application following the completion of its 2024 fiscal year (the first year for which the ESM would be in effect).

**b) If not confirmed, please provide more details on the Applicant's proposal with respect to inclusion or exclusion of costs and revenues.**

Response:

Not applicable.

[1] EB-2019-0018 – Partial Decision and Interim Rate Order dated December 12, 2019, at page 43.

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response - CCC

EB-2021-0015 | November 8, 2021

**CCC – 1**

**Reference: N/A**

**Question:**

**a) When did Elexicon make the Decision to file its ICM Application for the two projects?**

Response:

Elexicon made the decision to file for the Seaton TS during the MAADs application and the BRT decision was made during the development of its Distribution System Plan ("DSP"), filed with the OEB, April 2021.

**b) Please file all materials presented to the Board of Directors related to this Application and specifically with respect to the ICM projects.**

Response:

Please see Elexicon's response to SEC-1

**CCC – 2**

**Reference: N/A**

**Question:**

**Please provide the Board approved and actual ROE for the years 2014-2018 for the Whitby and Veridian rate zones. Please provide the Board approved and actual ROE for the years 2019 and 2020 for the merged entity.**

Response:

The approved and actual regulatory rate of return on equity ("ROE") for the years 2014-2018 are available in the published scorecards for Whitby Hydro Electric Corporation ("Whitby Hydro") and Veridian Connections Inc. ("Veridian"). The data has been reproduced below.

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Veridian – approved | 9.36% | 9.36% | 9.36% | 9.36% | 9.36% |
| Veridian – actual | 10.61% | 9.31% | 9.28% | 8.66% | 9.21% |
| Whitby - approved | 9.66% | 9.66% | 9.66% | 9.66% | 9.66% |
| Whitby – actual | 13.89%* | 10.43% | 9.94% | 10.46% | 11.84% |

| | 2019 | 2020 |
|---|---|---|
| Elexicon – deemed ** | 9.43% | 9.43% |
| Elexicon – actual | 7.61% | 6.80% |

* Whitby Hydro's Scorecard Management Discussion and Analysis (MD&A) included further explanations related to the 2014 reported ROE data. For greater clarity, the following information was captured in the MD&A:

By definition, the Whitby Hydro regulatory ROE calculation is based on the revenue and cost structure in the approved 2011 Cost of Service application within an allowable range of +/- 3%. During 2016, the Ontario Energy Board ("OEB") released a new template which allowed the calculation of ROE to be more closely reflective of the intended definition and as a result, be more accurately comparable against the approved ROE. On this basis, Whitby Hydro's ROE for the three years of 9.94% (2016), and 10.46% (2017), and 11.84% (2018) are all well within the allowed threshold.

However, for 2014, Whitby Hydro disagrees with the presentment of ROE information on the scorecard matrix since those rates of return include items outside of the revenue and cost structures in the approved 2011 Cost of Service application. These elements are regulatory requirements and include lower taxes due to under recoveries in pass-through costs, however, inclusion of them in the ROE calculation distorts any comparability to approved ROE and allowable ranges.

While Whitby Hydro provided updated ROE calculations for 2014 (11.32%) based on the new template, the OEB did not allow Whitby Hydro to include this revised data in the Scorecard matrix. The OEB did however review information provided by Whitby Hydro and confirmed the ROE was materially affected by items such as the lower taxes and that the restated 2014 ROE numbers are appropriate and within the allowable range.

** For Scorecard purposes, the OEB has determined a methodology to calculate a deemed ROE calculation for a merged distributor.

**CCC – 3**

**Reference: Ex. Appendix B - ICM**

**Question:**

**With respect to the two projects please provide the following:**

**a) The current expected in-service date;**

Response:

Please see Elexicon's response to Staff-5 and Staff-12.

**b) The proposed annual expenditures per year as per the DSP; and**

Response:

Appendix 2-AA of the DSP shows the following gross annual expenditures per year for the two projects.

**CCC-3 Table 1 – Proposed Gross Capital Expenditures**

| | **2022** |
|---|---|
| Seaton-TS | $ 40.76MM |
| Hwy 2 BRT | $ 5.30MM |

**c) The actual expenditures incurred to date.**

Response:

Actual expenditures incurred up to October 27th, 2021 for the two projects are as follows:

- Seaton TS $19.4MM
- Hwy 2 BRT $ 0.7MM

**CCC – 4**

**Reference: Ex. Appendix B/p. 1**

**Question:**

**Of all of its proposed capital projects please explain why Elexicon is seeking ICM treatment for the Bus Rapid Transit Project (BRT).**

Response:

Please see Elexicon's response to OEB Staff-11.

**CCC – 5**

**Reference: Ex. B-2 – Business Case/p. 9**

**Question:**

**a) Please provide a complete list of all of the risks that could delay the in-service date of the Seaton TS Project.**

Response:

Elexicon has filed a copy of the risk register for this project as part of the response to OEB Staff-5 (e). Risks that could delay the in-service date of the Seaton TS project are Risk ID numbers - 2, 12, 17, 19, 21 and 24.

**b) Please explain how Elexicon intends to mitigate those risks.**

Response:

Please see the risk register filed as Attachment A to OEB Staff-5.

**CCC – 6**

**Reference: Ex. DSP – p. 184-187 – Table 5.4-12**

**Preamble:**
In the DSP Elexicon has set out a Variance Analysis Summary for System Access Expenditures.

**Question:**

**Please recast this Table to include Board Approved Amounts.**

Response:

Veridian's last DSP was filed with its 2014 Cost of Service rate application (EB-2013-0174), in which the OEB approved a settlement proposal that was agreed to by all parties. In the settlement proposal all parties agreed that reduced capital expenditures of $25.487MM were appropriately paced and prioritized, and would result in just and reasonable rates for customers. However, there was nothing apportioning this reduced amount to the categories of system access, renewal, service, or general plant; rather it was the entire capital envelope that was agreed to by the parties and the resulting settlement agreement was accepted by the OEB. Likewise, Whitby Hydro last rebased in 2010/2011 and also had an OEB approved settlement, and did not file a DSP as they were not required at this time. As such, the OEB has not approved amounts specific to System Access and they can therefore not be provided.

**Preamble:**
Elexicon and its predecessor utilities have had a longstanding issue with significant underspending System Access Projects relative to planned spending. The contributing factors are largely delays and scope changes, often drive by external circumstances.

**Question:**

**Given this pattern, how can the OEB be assured that the BRT Project will be completed on time and on budget?**

Response:

Please see Elexicon's response to Staff-10, Staff-12 and SEC-9.

**CCC – 7**

**Reference: Ex. DSP – p. 183 Table 5.4-11**

**Preamble:**
Elexicon is significantly ramping up its capital spending in 2022 relative to historical periods.

**Question:**

**Please explain the why Elexicon has not be able to better pace its investments as required by the RRFE. To what extent has Elexicon made efforts to reduce the capital spending in other areas in light of the need for the Seaton TS.**

Response:

Please see Elexicon's response for OEB Staff-6.

# Elexicon Energy Inc.

# 2022

## IRM Rate Application
## Interrogatory Response - VECC

EB-2021-0015 | November 8, 2021

**VECC – 1**

**Reference:** Appendix B– Incremental Capital Module Page 12

**Preamble:**
Elexicon indicates the results of online (262 customers) and phone (600) surveys indicate that majority of customers (71%, or 613 of the 862 customers surveyed respectively) find the proposed investment in the Transformer Station (Seaton TS – preferred alternative 1) very appropriate or somewhat appropriate. Additionally, the results of the online and phone surveys indicate that majority of customers (78%, or 668 of the 862 customers surveyed respectively) when asked if they had any thoughts specific to the project answered "unsure/ none", indicating the general approval and lack of concerns.

**Question:**

**Please provide the survey questions, responses and the summary report of the survey.**

Response:

Elexicon provides its DSP Customer Engagement Report from Brickworks Communications as Attachment A to this response.

A summary of the online survey results can be found on pages 5-17, and a summary of the telephone survey results can be found on pages 18-32 of the report.

All online survey questions and responses can be found on pages 33-42, and all telephone survey questions and responses can be found pages 43-51 of the report.

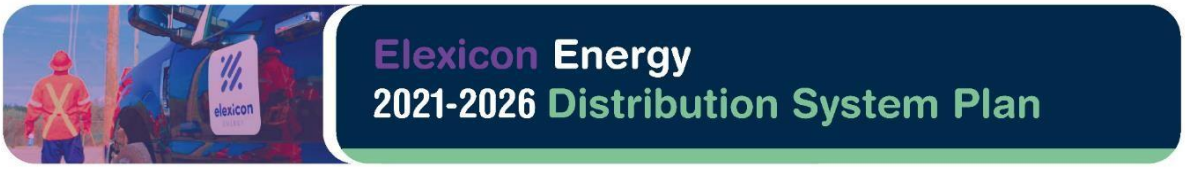
Questions and responses specific to Seaton TS can be found on page 48 (Q20 and Q21), and those specific to BRT Hwy 2 can be found on page 49 (Q24 and Q25).


# Customer Engagement Report

Brickworks Communications

Updated February 2021

# Table of Contents




# Background

Elexicon Energy commissioned Brickworks to oversee an engagement survey of its customers. The purpose of this survey process was to learn more about how Elexicon's investment plans can best reflect the needs and preferences of their customers. The information collected will be used to inform investment decision-making and may also be submitted to the Ontario Energy Board (OEB) as an input into their five-year Distribution System Plan (DSP).

There were two main approaches used in this process, including an open online survey forum which resulted in N=262 completes and a random telephone survey of N=600 customers. Customers were assured that all responses to this survey would be confidential, and only overall or aggregate results would be reported.

# Reporting Notes

The survey questions were designed by Elexicon and Brickworks. The role of Oraclepoll Research Ltd was to field the online and telephone surveys and report on the findings.

This report contains an executive summary of the results from both the telephone and online components, as well as the results by question. Findings are presented in the order that they were asked in each survey.

# Methodology & Logistics – Online Survey

## Survey Method

All surveys were completed online using Computer Assisted Web Interviewing (CAWI). This was a self-selection survey where respondents connected via a hyperlink to the survey site to complete their interview. Elexicon posted the link on their website homepage, and promoted the survey using e-blasts to their customer base.

## Study Sample

In total, N=263 customers completed online questionnaires.

## Logistics

Surveys were completed online between October 26th and December 13th, 2020.

## Confidence

It is not customary to assign online self-selection samples a margin of error. However, a probability sample of N=262 has a margin of error or is considered accurate ± 6.0%, 19/20 times.

# Methodology & Logistics – Telephone Survey

## Study Sample

Elexicon provided Brickworks with a database of their residential and business customers to be surveyed. A total of N=524 residential customers, N=70 small business customers, and N=6 large businesses were randomly selected from the database and surveyed by telephone, using person-to-person live telephone interviewing.

Respondents were screened to ensure that they were 18 years of age or older, an Elexicon customer, and were one of the persons either at the business or residence that was a decision maker as related to reviewing utility bills and making payments.

## Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. A total of 20% of all interviews were monitored, and Oraclepoll management supervised 100%.

## Logistics

Telephone interviews were completed between November 20th and December 4th, 2020. Initial calls for the residential component were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition, telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact. At least one attempt was made to contact respondents on a weekend. Calls to business customers were first made from 8:30 a.m. to 5:30 p.m. during weekdays. There was at least one follow up call after 5:30 p.m. and one on a weekend. In addition, telephone appointments were accepted and made as per the respondent's time preference.

## Confidence

The margin of error for the N=600-respondent survey is $\pm$ 4.0%, 19/20 times.

# Online Survey Results


Survey participants were shown background information about Elexicon. They were also told that a main objective of the online poll was to learn how Elexicon's investment plans can best reflect the needs and preferences of its customers.

"Firstly, please confirm that you reside in a household or work in an organization associated with an Elexicon customer account."

*Yes N=262 100%*

"What is the municipality associated with the Elexicon customer account?"

| | |
|---|---|
| *Whitby* | *29%* |
| *Ajax* | *23%* |
| *Pickering* | *16%* |
| *Belleville* | *8%* |
| *Clarington* | *7%* |
| *Gravenhurst* | *7%* |
| *Port Hope* | *4%* |
| *Brock* | *3%* |
| *Scugog/Port Perry* | *3%* |
| *Uxbridge* | *<1%* |

The initial set of questions were demographic. First respondents were screened to ensure they were Elexicon customers, then they were probed about where they live, the client segment they belonged to, and if they are responsible for paying the electricity bill.

"To provide better context for your responses, please confirm whether you are completing this survey as a Residential Customer or a Business Customer."

*Residential N=262 100%*

"In your <household/business> what is your role with respect to paying for the cost of electricity? Are you primarily responsible, partially responsible, or not responsible for paying the electricity bill?"

| | | |
|---|---|---|
| *I am primarily responsible for paying my household's electricity bill* | *N=233* | *89%* |
| *I share the responsibility for paying my household's electricity bill* | *N=29* | *11%* |


Elexicon Energy
Part B: Main Survey

# General Questions

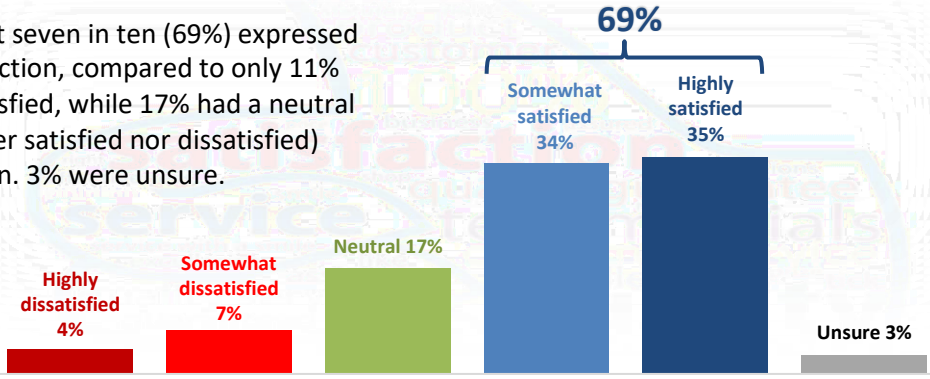
Next, online participants were presented with an explanation of the three major cost components of their electricity bill: Generation, Transmission and Distribution – and the portion retained by Elexicon. They were advised that the information collected in the survey related only to their local electricity distributor Elexicon, after which questions were asked.

*"When did you first become aware of the merger between Whitby Hydro and Veridian to create Elexicon?"*


Eighty-five percent of customers were aware of the merger prior to the survey.

*"Overall, how satisfied are you with the services Elexicon provides you with?"*

Almost seven in ten (69%) expressed satisfaction, compared to only 11% dissatisfied, while 17% had a neutral (neither satisfied nor dissatisfied) opinion. 3% were unsure.




Comments were accepted at the end of the question and results have been sorted into the categories below.

*"In your own words, what are the reasons for your current level of satisfaction or dissatisfaction with Elexicon as expressed in your last response?"*

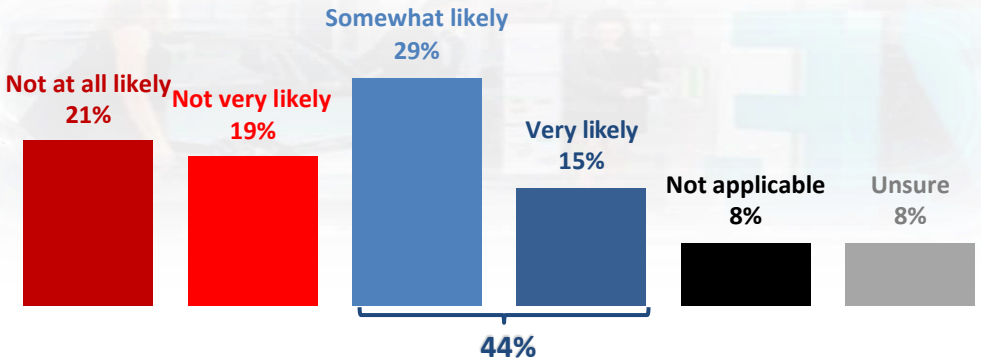
| | | | |
|---|---|---|---|
| No problems / satisfied | 23% | Service has improved | 2% |
| Unsure | 21% | Website problems / issues | 2% |
| Reliable / stable service | 13% | Simplify billing / payment methods | 1% |
| Poor service / interruptions / outages | 11% | Billing problems | 1% |
| Hydro rates are high / expensive | 9% | Good customer service | 1% |
| No change | 4% | The transition has been seamless | 1% |
| Old / outdated infrastructure | 3% | Need alternative energy options | 1% |
| Dislike time of use / simplify / change | 2% | Cannot compare due to the monopoly | <1% |
| No notice for planned outages | 2% | Lack of follow up | <1% |
| No experience / new client / too soon | 2% | Give rebates | <1% |
| Poor costumer service / long waits | 2% | | |

*"Please rate your level of agreement with the following statements using a scale from one (strongly disagree) to five (strongly agree)."*

| | Strongly disagree | Somewhat disagree | Neutral | Somewhat agree | Strongly agree | Unsure | Not applicable |
|---|---|---|---|---|---|---|---|
| "The amount of my monthly electricity bill is a major expense item for my family and requires me to go without some other important priorities" | 25% | 20% | 27% | **21%** | **7%** | 1% | - |
| "When I had specific questions or requests for Elexicon or its predecessors, I was satisfied with how they were resolved" | **3%** | **9%** | 19% | 18% | 20% | - | 31% |

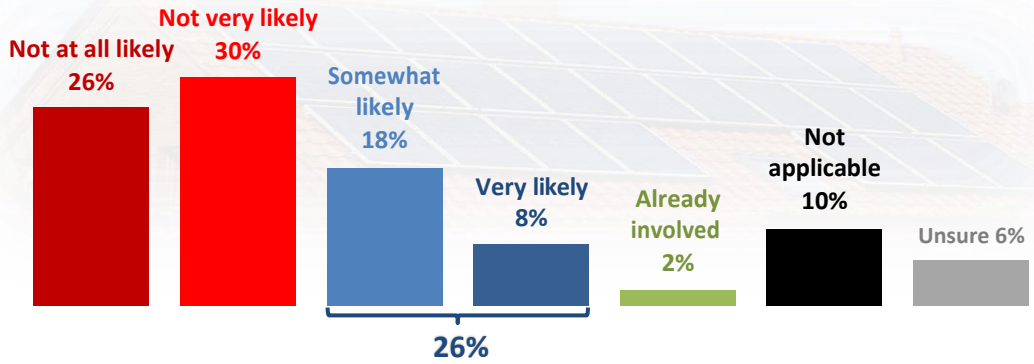
Twenty-eight percent agreed the cost of their bill creates some form of hardship. Total agreement, or being satisfied with how questions or requests were resolved, is 38%, compared to only 12% that disagreed (dissatisfied), while 19% had a neutral opinion. 31% answered not applicable or had no experience.

*"If you plan to purchase a vehicle in the next five years, how likely are you to consider purchasing an electric vehicle?"*




Interest in EV's is solid at 44%, with 29% somewhat and 15% very likely to consider a purchase.

*"How likely are you to become involved in self-generation of electricity at your place of residence over the next five years (for example, by installing solar panels)?"*




Slightly more than a quarter or 26% said they are somewhat (18%) or very likely (8%) to become involved in self generation.

Two questions about outages over the past year were asked, the first about how many times the power has been out, and second related to the length of time the outages lasted.

*"In 2019, an average Elexicon customer experienced 1.28 outages. Thinking back to your experience over the past year, how many times has the power been out at your home to the best of your recollection?"*

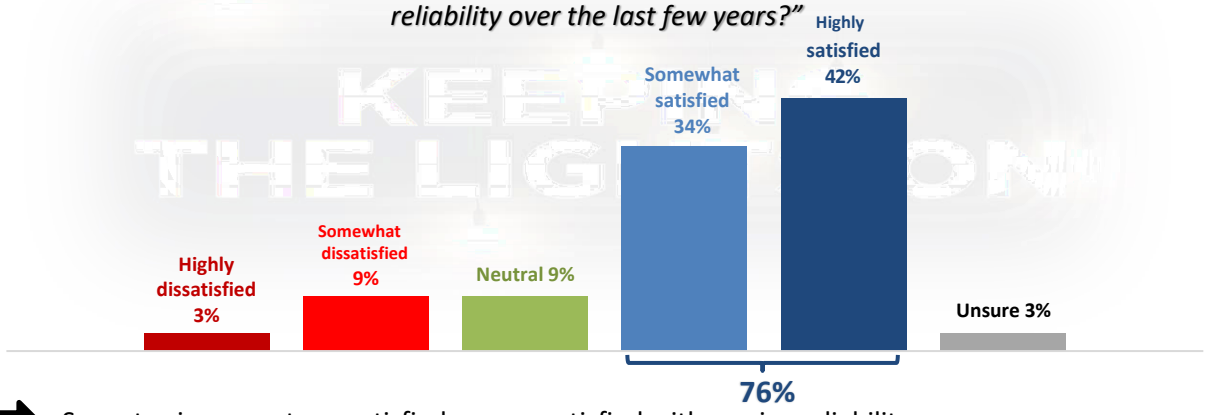
| | |
|---|---|
| 0 | 8% |
| 1 | 14% |
| 2 | 29% |
| 3 | 13% |
| More than 3 | 24% |
| Not Sure | 11% |

*"In 2019, Elexicon customers experienced power outages lasting an average of 1.63 hours. Thinking back to your experience, please estimate how long your power outages lasted on average? Please select from the following options based on your best estimate:"*

| | |
|---|---|
| Under 30 minutes | 20% |
| Under 1 hour | 22% |
| Between 1 and 2 hours | 22% |
| Longer than 2 hours | 21% |
| Not Sure | 15% |

Customers were then asked about reliability starting with an overall satisfaction question.

*"Which of the following options best represents your overall satisfaction with service reliability over the last few years?"*




Seventy-six percent are satisfied or very satisfied with service reliability.

*"When power outages do occur, which aspect of them has been most inconvenient for you?*

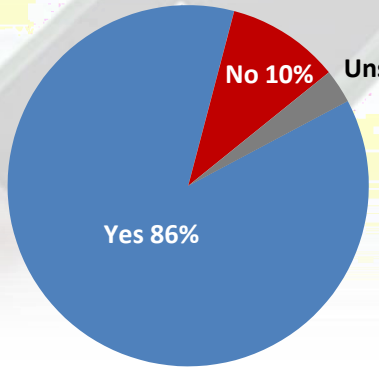
| | |
|---|---|
| How long the outages have lasted | 44% |
| How often the outages have occurred | 20% |
| Not Sure | 16% |
| Impact it has on my electronics / computers | 7% |
| None / no inconveniences | 4% |
| Getting information from Elexicon / contact with | 3% |
| Both how often & how long | 3% |
| Timing / when they occur | 2% |
| No heat / no cooling / appliances | 1% |

*"When there is a power outage, how do you interact with Elexicon Energy?"*

| | |
|---|---|
| I check the outage map online | 37% |
| I do not take any steps | 30% |
| I phone the outage number posted on the website | 19% |
| I check Twitter | 6% |
| Telephone call | 3% |
| No experience | 2% |
| I use both Twitter and Map | 1% |
| Radio | 1% |
| Unsure | 1% |

The length of an outage is of most concern to 44%, followed by how often they occur (20%). When asked how they interact with Elexicon during an outage, 37% check the map online and 19% phone the number on the website, while three in ten do not take any actions.

*"Please indicate your level of interest in the following: When an outage occurs, are you interested in receiving notifications sent to your phone (via text or voice to landline) about its cause and anticipated restoration time?"*




Interest is high at 86% for an outage notification system by text or voice.

| *"To manage the impact of power outages, Elexicon replaces aging infrastructure, trims trees near powerlines, and invests in equipment that helps restore service faster. Which of the following statements best represents your views on what level of reliability Elexicon should target?"* | |
|---|---|
| Elexicon should spend more on reliability, but less in other areas that also affect customers, if this can help avoid some bill increases. | 37% |
| Elexicon should maintain current reliability levels, even if it gradually increases my monthly electricity bill in the long term. | 32% |
| Elexicon should invest more to improve reliability, and I would accept a larger increase to my monthly bill in the long term to achieve this. | 12% |
| Not Sure | 11% |
| Maintain reliability & do not raise prices | 4% |
| Elexicon should invest less in outage prevention to reduce the impact of future bill increases, even if it potentially means more and longer outages for myself and others. | 3% |
| Provide better service overall | 1% |

There is a split of opinion with the two most selected options being spending more on reliability and less on other areas (to avoid some bill increases) as well as maintaining current reliability, even if it increases monthly bills in the long term.

| *"Elexicon can prevent more outages caused by aging equipment if it proactively replaces more equipment before it fails. Another option is to wait and replace equipment only after it fails, which potentially causes more service interruptions and leads to extra costs such as staff overtime. Which of the following options best describes your views on this trade-off?"* | |
|---|---|
| Elexicon should replace more equipment before it fails, spending more today to prevent future outages and keep bill increases predictable. | 81% |
| Not Sure | 10% |
| Elexicon should wait until more equipment fails, reducing its spending today, even if this causes more future outages and unpredictable bill increases down the road. | 5% |
| Maintenance on a schedule & no rate increases | 4% |
| Invest in better equipment | 1% |

A clear majority of 81% feel equipment should be replaced before it fails.

*"Elexicon's top spending priority is always to keep its power system and operations safe. With its budget staying nearly flat through 2029, Elexicon will face tough trade-offs when selecting among other investment priorities."*

*"Please choose two of the following objectives that you think Elexicon should focus its efforts on, in addition to keeping the system safe and accommodating new growth in the coming years."*

| | First mention | Second mention | Combined |
|---|---|---|---|
| Improving the grid's resilience to major weather events, like storms, etc. | 28% | 31% | 30% |
| Preparing the grid for new types of uses, like EV's & renewable generation | 23% | 11% | 17% |
| Investing now in things that will help reduce rate increases after 2029 | 13% | 20% | 16% |
| Minimizing the impact of power outages | 7% | 19% | 13% |
| Helping customers manage their electricity use | 10% | 10% | 10% |
| Reducing the environmental impact of Elexicon's operations | 12% | 5% | 8% |
| Improving power quality | 5% | 2% | 4% |
| Addressing customer requests faster and more efficiently | 2% | 1% | 2% |

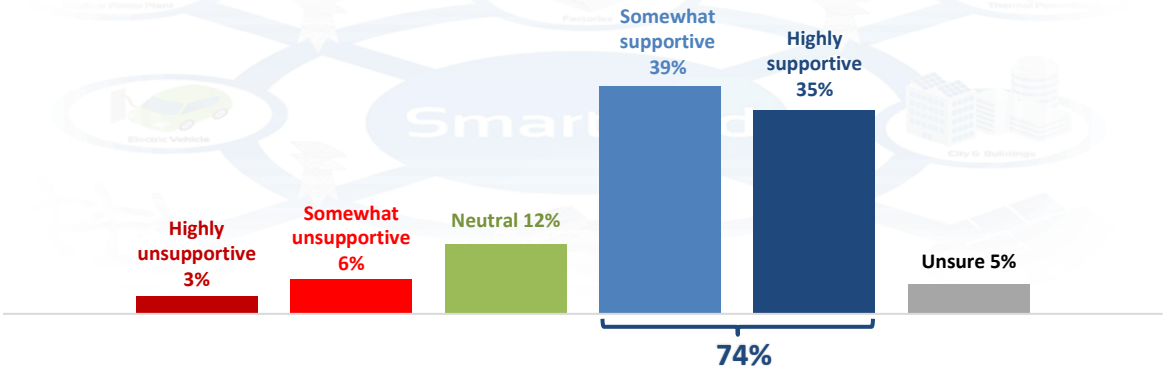
- While improving the grid's resilience to major events is the number one choice at 30%, results are close for second, with 17% naming preparing the grid for new uses and 16% investing now in things that will help reduce rate increases after 2029.
- **45% of customers who are dissatisfied with reliability listed minimizing outage impacts in their top two priorities.**

*"Aside from investments to support customer growth, Elexicon currently plans to spend about 73% of its remaining five-year budget on managing reliability, 22% on efficiency, health, and safety of its own operations, and 5% on the technical upkeep of its power grid.*
*Do you consider this plan satisfactory, or would you prefer to allocate more budget towards one of those three categories above the others?"*

| | |
|---|---|
| I am satisfied with the planned allocation based on what I know | 50% |
| I would prefer to spend more on the technical upkeep of the power grid & less on the other two | 18% |
| Not Sure | 16% |
| I would prefer to spend more on reliability and less on the other two | 8% |
| I would prefer to spend more on efficiency, health, & safety of operations and less on other two | 7% |

- Half are satisfied with the planned allocation, while 16% were unsure. There are 18% that want more spent on technical upkeep, with the remaining responses divided between more spent-on reliability and more on efficiency, health, and safety of operations.

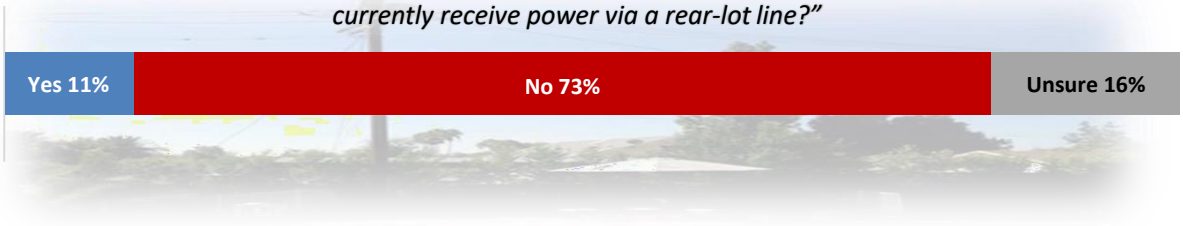
*"Part of Elexicon's future planning involves investing in grid management technologies that will help it manage the impact of more Electric Vehicles, Renewable Generation, and Energy Storage. Like with all budgeting decisions, investing in new technology today requires making trade-offs. How supportive are you of Elexicon's intent to invest in future technologies at this time?"*




➡ Support for investing in new technologies is at nearly three-quarters or 74%.

Customers were presented with a description of rear-lot overhead power lines, the challenges they face, and the cost of conversion to underground lines. They were then asked the following two questions.

*"To the best of your knowledge, does your place of <<residence>>/<<business>> currently receive power via a rear-lot line?"*




*"Elexicon has several options to consider for how it schedules the rear-lot conversion work. Which of the following options do you see as most preferred?"*

| | |
|---|---|
| Move lines underground and plan work geographically, finishing all work in one area before moving elsewhere. While concentrating the work in a single community for a shorter timeframe is less inconvenient to local residents, it could leave vulnerable rear-lot feeders in other communities unaddressed for longer. | 38% |
| Not Sure | 23% |
| Move lines underground and plan work according to worst performing areas. This spreads the work across Elexicon's service territory over time but may mean that there may be multiple construction-related disruptions. | 22% |
| Maintain the status quo – keep the overhead lines in the rear lots, replacing them as they fail. While budgets can be used elsewhere, it will leave area customers vulnerable to longer than average outages. | 17% |

➡ Only 17% want to maintain the status quo and 23% were unsure as to a preferred option. There were 38% that want to move the lines underground and work geographically. 22% that also want to move the lines underground, but work on the worst performing areas.


# ICM Project #1: New Pickering Area Transformer Station

Next, online participants were provided with background information about three projects that Elexicon plans to seek approval for additional rate increases. They were informed that two projects are driven by population growth, and the third is needed to sustain operations in the Belleville area.

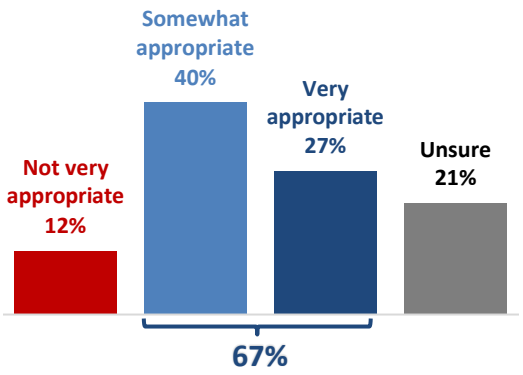
Elexicon will request special rate increases for these projects since it cannot finance them along with its other budgetary priorities. These requests are reviewed by the OEB through a process known as the Incremental Capital Module (ICM).

The first project is a large new Transformer Station in the Pickering area, required to support the residential and commercial growth that is projected to add as many as 32,000 new customers over the next 20 years. Elexicon estimates that to avoid system capacity shortages, the station needs to be in service in 2022.

The project is expected to cost about $40 million, which amounts to an approximate:

- $1.45 - $1.85 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- 2.90 - $3.60 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- $280.95 - $343.40 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"To what degree do you consider the level of proposed investments in the Transformer Station appropriate?*




Two-thirds consider the level of investment appropriate (somewhat & very), only 12% do not feel it appropriate and 21% were undecided.

*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 70% |
| Customers affected should pay | 6% |
| Developers should pay a higher portion | 6% |
| Against the proposed project all together | 3% |
| If it is necessary / if needed / get it done | 3% |
| Better cost-efficient solutions are needed | 3% |
| Do not want to pay for other communities | 2% |
| Do not increase rates | 1% |
| Not enough information | 1% |
| Ensure safely / reliability | 1% |
| More renewable solutions needed | 1% |
| Too costly | 1% |
| Make sure there is a backup plan | <1% |
| Should focus on conservation | <1% |

While most (70%) did not have comments to share, those with opinions tended to cite the belief that customers in the communities affected and developers should pay for costs or a larger portion of the price. Some mentions reflected opposition, others the need to get things done. There were also those that felt other options should be pursued.

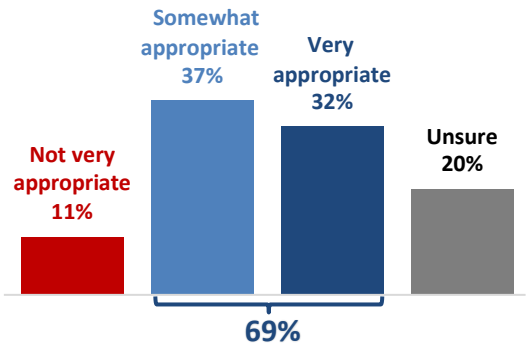
# ICM Project #2: Accommodating the Move of the Belleville Operations Centre

The second project for funding is a new Operations Centre in Belleville to accommodate staff and equipment involved in providing customer service and responding to local power outages. The lease on the existing facility is set to expire in 2021 and cannot be renewed. Having considered all feasible options, Elexicon determined that owning a new facility is the most cost-effective option for customers in the long term.

The project is expected to cost about $2.6 million, which amounts to an approximate

- $0.10 - $0.15 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- $0.25 - $0.30 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- $2.6 million, which amounts to an approximate $18.35 - $23.50 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"To what degree do you consider the level of proposed investments in the Operations Centre appropriate?"*




Sixty-nine percent consider the level of investment appropriate. This compares to a low 11% that do not, while 21% are unsure.

*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 79% |
| Customers / communities affected should pay | 4% |
| It is a required investment / reasonable / needed | 3% |
| Refurbish an existing building | 2% |
| Should come from reserve funds not customers | 2% |
| Against project all together | 2% |
| Lack of information to make an informed decision | 2% |
| Build it smart / keep future growth in mind | 1% |
| Compare leasing versus new build | 1% |
| Customers should not have to pay | 1% |
| Lease / rent building | 1% |
| Should have been done years ago | 1% |
| Proposed budget seems too low | <1% |
| Municipality should help finance | <1% |
| Savings should be passed onto the customer | <1% |
| Business / developers should pay | <1% |
| Should be mortgage financed | <1% |

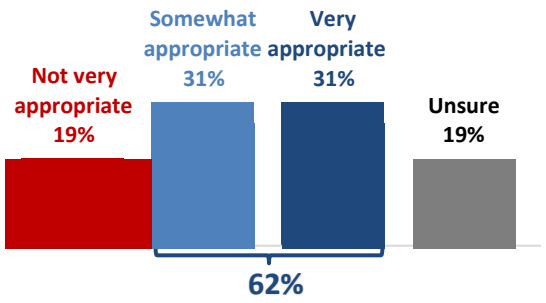
Almost eight in ten had no comment and among those that did, there was a mix of those in support, opposed, or not wanting to pay, and others suggesting alternative solutions for the build and payment.

# ICM Project #3: Underground System Relocation in Pickering to Enable Regional Bus Rapid Transit

To enable construction of dedicated Rapid Transit Bus Lanes in the Hwy #2 corridor in Pickering, Elexicon is required to relocate existing underground feeder infrastructure located in the right of way intended for the bus lanes. Elexicon and its customers are responsible for a portion of this cost, estimated to be $2.8 million. While performing this work, Elexicon will have an opportunity to replace or upgrade any equipment, as necessary.

- The project's cost is equivalent to an approximate $0.10 - $0.15 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- The project's cost is equivalent to an approximate $0.25 - $0.30 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- The project's cost is equivalent to an approximate $27.95 - $35.70 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"Do you consider the level of investment proposed for this underground infrastructure project to be very appropriate, somewhat appropriate, or not appropriate? "*




Slightly more six in ten said the level of investment is appropriate, less than two in ten not appropriate, and an equal number did not know.

*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 74% |
| Residents / communities affected should pay | 6% |
| Should be a priority | 3% |
| Project should be covered by taxpayers | 3% |
| Project not a priority | 3% |
| Need more information / unclear | 2% |
| Costs should be covered by transit users | 2% |
| Municipality should pay | 2% |
| Should be paid for by investors | 1% |
| Will improve reliability | 1% |
| Poor planning | 1% |
| Project should be completed quickly as possible | 1% |
| Disagree with project | 1% |
| Will raise rates | <1% |
| Should be Elexicon's responsibility | <1% |

Nearly three-quarters had no comments, but most of those that did (14%) referenced the belief that costs should be incurred by users, those affected, by ratepayers, or municipalities.

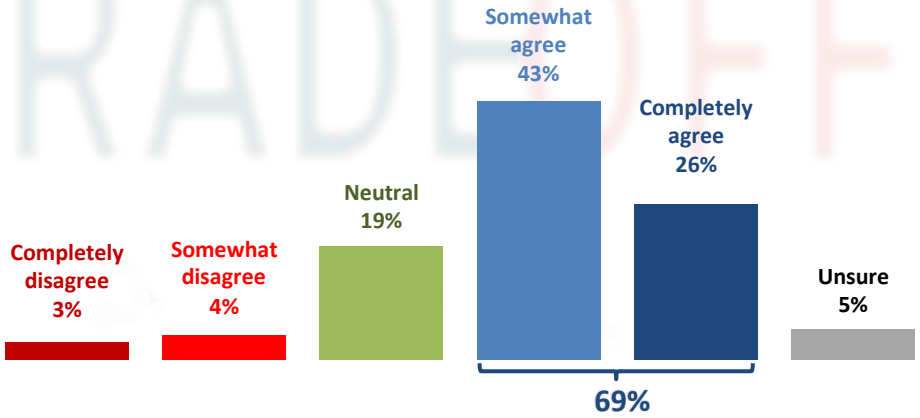
In the final question about the three ICM projects, respondents were asked which of five options presented would give them the most confidence that Elexicon is acting in their best interest.

*"What type of information about the three proposed ICM projects would give you the most confidence that Elexicon is acting in the best interest of their customers in mind?"*

| | |
|---|---|
| **37%** | Why Elexicon could not build these projects without seeking rate increases |
| **15%** | Why the chosen design and size are optimal |
| **11%** | Why the projects cannot be built for less |
| **5%** | Why the projects cannot be reasonably delayed |
| **2%** | Why these projects could not be built in other areas |
| **29%** | Unsure |

Most named was why Elexicon could not build these projects without seeking rate increases, followed by why the chosen designs and sizes are optimal and then why they cannot be built for less. Almost three in ten answered do not know or were unsure.


*"As a result of taking this survey, would you agree that you have a better appreciation of the planning trade-offs that Elexicon must consider when making investment plans?"*



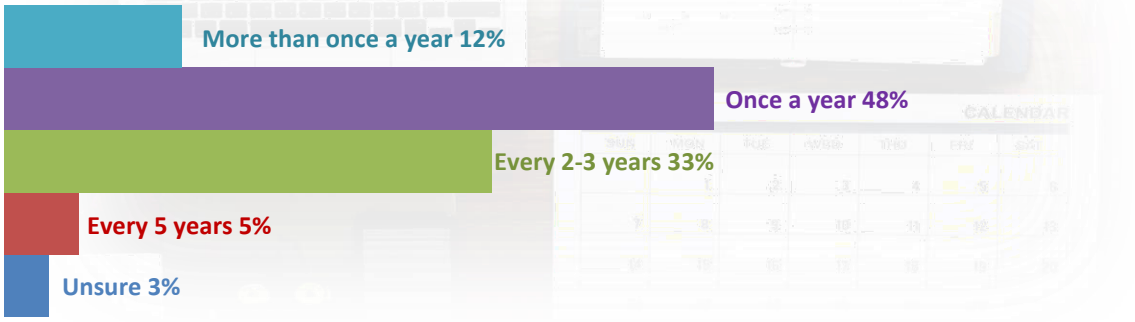

An almost seven in ten majority somewhat or completely agreed that they have a better appreciation of the planning trade-offs that Elexicon needs to consider when making investment plans. This compares to only 7% that somewhat or completely disagreed, while 19% gave a neutral (neither agree nor disagree) response, and 5% were unsure.

Customers were asked about their preferred method to have Elexicon consult with them on similar topics. Below are the percentage of counts or the responses for each category, revealing that by far, most favour online surveys.

*"In the future, what is your preferred method to have Elexicon consult with you about topics similar to what we discussed?"*

| | |
|---|---|
| Online Surveys | 93% |
| Live Online Presentations and Q&A Sessions | 13% |
| In-Person Townhall Meetings | 8% |
| In-Person Focus Groups | 5% |
| Phone Surveys | 3% |
| Mail | 1% |
| Bill inserts | 1% |
| General email | <1% |
| Newspaper | <1% |

*"How often should Elexicon engage its customers on matters such as those captured in this survey?"*




The percentage of customers that want to be engaged on a yearly basis (once & more than once a year) is 60%, while a third named every 2-3 years. Only 5% stated every five years and 3% were unsure.

*"Do you have any other comments, questions, or suggestions that you would like Elexicon to consider as it develops its capital plans for the coming years?"*

| | | | | | |
|---|---|---|---|---|---|
| Unsure / none | N=218 | 83% | Support upgrades | N=1 | <1% |
| Lower rates | N=12 | 5% | Create jobs | N=1 | <1% |
| Promote Green Energy | N=5 | 2% | Move to online payments only | N=1 | <1% |
| Limit increases to most needed projects | N=2 | 1% | Improve customer service | N=1 | <1% |
| Removal of overhead wires | N=2 | 1% | Would like data from Smart Meter | N=1 | <1% |
| Invest in an outage communication system | N=2 | 1% | Capital costs should've been pre-planned | N=1 | <1% |
| App to monitor usage | N=2 | 1% | Upgrades should not impact customers | N=1 | <1% |
| More tools to help manage electricity use | N=2 | 1% | Upgrades too costly | N=1 | <1% |
| Keep the utilities public / local | N=2 | 1% | Should not pay for new subdivisions | N=1 | <1% |
| Amount and length of outages too high | N=1 | <1% | Trees are being cut down unnecessarily | N=1 | <1% |
| Support Electric vehicles | N=1 | <1% | More outreach needed | N=1 | <1% |
| Stop all investment in Green Energy | N=1 | <1% | | | |
| Communities should cover costs | N=1 | <1% | | | |

# Telephone Survey Results


Telephone respondents were read background information about Elexicon. They were also told that a main objective of the online poll was to learn how Elexicon's investment plans can best reflect the needs and preferences of its customers.

"Firstly, please confirm that you reside in a household or work in an organization associated with an Elexicon customer account."

*Yes N=600 100%*

"What is the municipality associated with the Elexicon customer account?"

| | |
|---|---|
| *Whitby* | *29%* |
| *Ajax* | *18%* |
| *Pickering* | *17%* |
| *Belleville* | *10%* |
| *Clarington* | *8%* |
| *Gravenhurst* | *7%* |
| *Port Hope* | *5%* |
| *Brock* | *3%* |
| *Scugog* | *2%* |
| *Uxbridge* | *2%* |

The initial questions were demographic. First respondents were screened to ensure they were Elexicon customers, then they were probed about where they live, the client segment they belonged to, and if they are responsible for paying the electricity bill.

"To provide better context for your responses, please confirm whether you are completing this survey as a Residential Customer or a Business Customer."

| | | |
|---|---|---|
| *Residential* | *N=524* | *87%* |
| *Small Business (monthly electricity bill below $2,500)* | *N=70* | *12%* |
| *Large Business (monthly electricity bill above $2,500)* | *N=6* | *1%* |

"In your <household / business> what is your role with respect to paying for the cost of electricity? Are you primarily responsible, partially responsible, or not responsible for paying the electricity bill?"

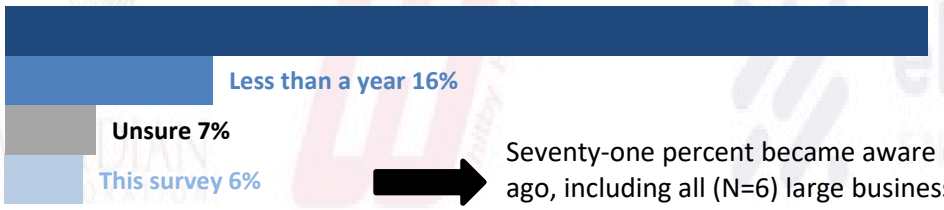
| | | |
|---|---|---|
| *I am primarily responsible for paying my household's electricity bill* | *N=466* | *78%* |
| *I share the responsibility for paying my household's electricity bill* | *N=58* | *10%* |
| *I am the person responsible for managing my organization's electricity bill* | *N=42* | *7%* |
| *I am the person overseeing the management of my organization's electricity bill* | *N=34* | *6%* |


Elexicon Energy
Part B: Main Survey

# General Questions

Respondents were next read an explanation of the three major cost components of their electricity bill: Generation, Transmission and Distribution – and the portion retained by Elexicon. They were advised that the information collected in the survey related only to their local electricity distributor Elexicon, after which questions were asked.

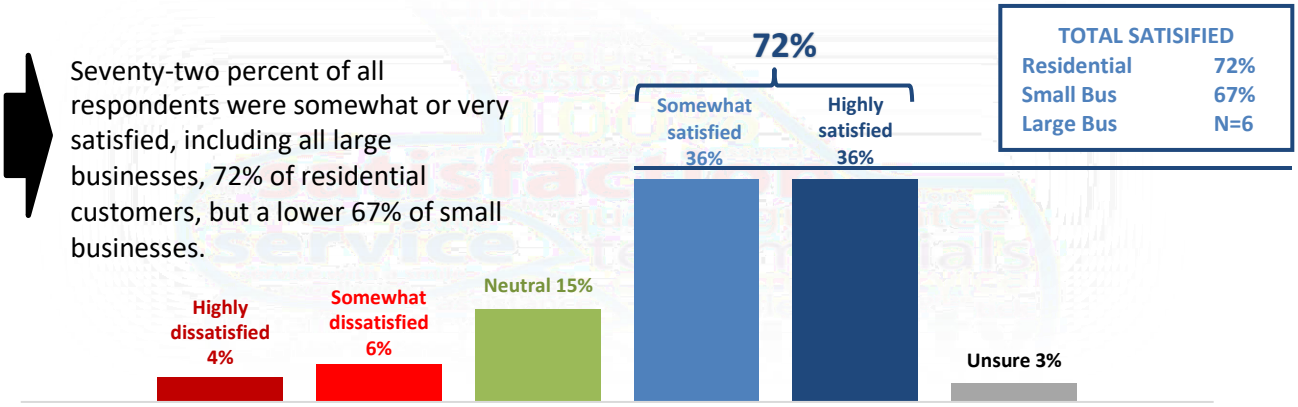
*"When did you first become aware of the merger between Whitby Hydro and Veridian to create Elexicon?"*




Seventy-one percent became aware more than one year ago, including all (N=6) large businesses, 77% of small businesses, and 70% of residential customers.

*"Overall, how satisfied are you with the services Elexicon provides you with?"*

Seventy-two percent of all respondents were somewhat or very satisfied, including all large businesses, 72% of residential customers, but a lower 67% of small businesses.




| TOTAL SATISIFIED | |
|---|---|
| Residential | 72% |
| Small Bus | 67% |
| Large Bus | N=6 |

Comments were accepted at the end of the question and results have been coded into the categories below.

*"In your own words, what are the reasons for your current level of satisfaction or dissatisfaction with Elexicon as expressed in your last response?"*

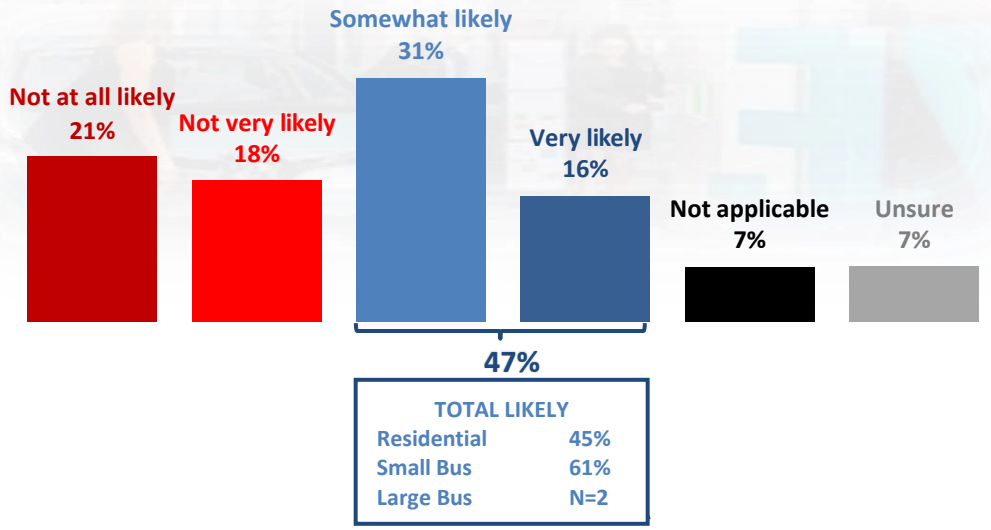
| | | | |
|---|---|---|---|
| Unsure / none | 30% | Good customer service | 1% |
| No problems / satisfied | 24% | Poor customer service /long waits | 1% |
| Reliable / stable service | 14% | No notice for planned outages | 1% |
| Hydro rates are high / expensive | 13% | Simplify billing / payment methods | 1% |
| Poor service / interruptions / outages | 10% | Dislike time of use / simplify / change | 1% |
| No experience / new customers | 2% | Lack of follow up | 1% |
| Old / outdated Infrastructure | 2% | Billing problems | <1% |

*"Please rate your level of agreement with the following statements using a scale from one (strongly disagree) to five (strongly agree)."*

| | Strongly disagree | Somewhat disagree | Neutral | Somewhat agree | Strongly agree | Unsure | Not applicable | TOTAL AGREE BY SEGMENT |
|---|---|---|---|---|---|---|---|---|
| **"The amount of my monthly electricity bill is a major expense item for my family / business and requires me to go without some other important priorities"** | 20% | 24% | 22% | **24%** | **9%** | 1% | - | *Residential 32%<br>Small Bus 43%<br>Large Bus N=1* |
| **"When I had specific questions or requests for Elexicon or its predecessors, I was satisfied with how they were resolved"** | **4%** | **8%** | 19% | 21% | 20% | 1% | 27% | *Residential 40%<br>Small Bus 45%<br>Large Bus N=5* |

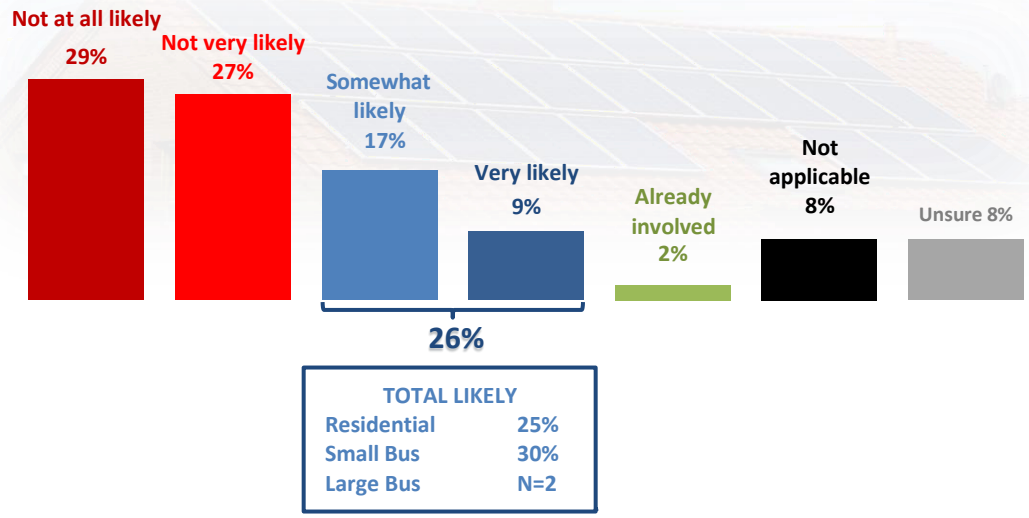
Thirty-three percent of all respondents agreed their monthly bill is a major expense affecting priorities, with small businesses most likely to agree at 43%. More than four in ten or 41% agreed or were satisfied with how their questions were resolved, compared to only 12% that disagreed or were not satisfied – with businesses being more satisfied (total agree).

*"If you plan to purchase a vehicle in the next five years, how likely are you to consider purchasing an electric vehicle?"*




There is strong overall interest at 47%, with those in the small business cohort showing the strongest interest.

*"How likely are you to become involved in self-generation of electricity at your <residence>>/<<business> over the next five years (for example, by installing solar panels)?"*




Twenty-six percent said they are somewhat (17%) or very likely (9%) to become involved in self generation, with results higher among small businesses.

Two questions about outages over the past year were asked, the first about how many times the power has been out, and second related to the length of time they lasted.

*"In 2019, an average Elexicon customer experienced 1.28 outages. Thinking back to your experience over the past year, how many times has the power been out at your <home / business> to the best of your recollection?"*

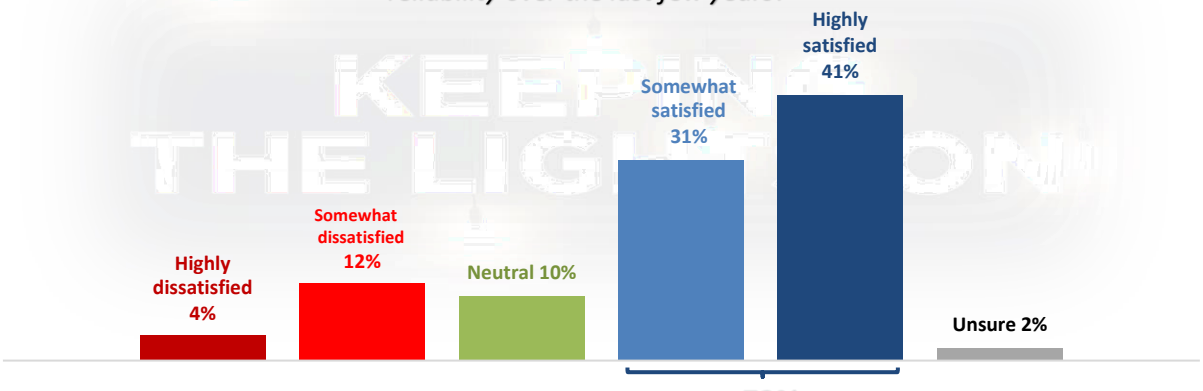
| | |
|---|---|
| 0 | 7% |
| 1 | 15% |
| 2 | 31% |
| 3 | 14% |
| More than 3 | 26% |
| Not Sure | 8% |

*"In 2019, Elexicon customers experienced power outages lasting an average of 1.63 hours. Thinking back to your experience, please estimate how long your power outages lasted on average? Please select from the following options based on your best estimate:"*

| | |
|---|---|
| Under 30 minutes | 23% |
| Under 1 hour | 21% |
| Between 1 and 2 hours | 21% |
| Longer than 2 hours | 25% |
| Not Sure | 10% |

Customers were next probed about reliability, starting with an overall satisfaction question. There were then asked two semi-open follow-ups about what most inconvenienced them during outages and how they interact with Elexicon during these events.

*"Which of the following options best represents your overall satisfaction with service reliability over the last few years?"*




Seventy-two percent are satisfied or very satisfied with service reliability with residential customers (74%), with 4 of the N=6 large businesses being more satisfied than small businesses (62%).

| TOTAL SATISFIED | |
|---|---|
| Residential | 74% |
| Small Bus | 62% |
| Large Bus | N=4 |

*"When power outages do occur, which aspect of them has been most inconvenient for you?*

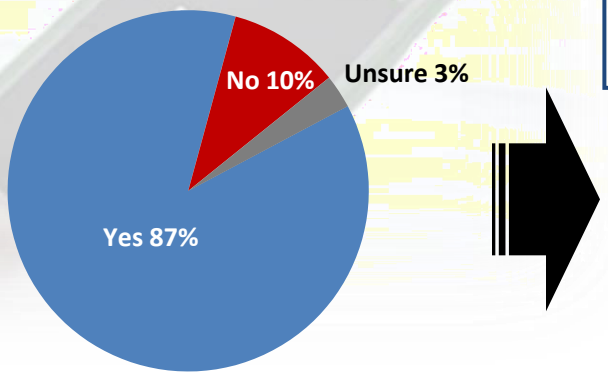
| | |
|---|---|
| How long the outages have lasted | 48% |
| How often the outages have occurred | 19% |
| Not Sure | 15% |
| Impact it has on my electronics / computers | 8% |
| None / no inconveniences | 4% |
| Both how often & how long | 3% |
| Getting info from Elexicon / contact | 2% |
| Timing / when they occur | 1% |

*"When there is a power outage, how do you interact with Elexicon Energy?"*

| | |
|---|---|
| I check the outage map online | 38% |
| I do not take any steps | 29% |
| I phone the outage number posted on the website | 21% |
| I check Twitter | 6% |
| Telephone call | 4% |
| Unsure | 2% |
| No experience | 1% |
| Radio | <1% |

The length of an outage is of most concern to 48%, followed by how often they occur (19%). When then asked how they interact with Elexicon during an outage, 38% check the map online and 21% phone the number on the website, while an additional 4% just said a telephone call.

*"Please indicate your level of interest in the following: When an outage occurs, are you interested in receiving notifications sent to your phone (via text or voice to landline) about its cause and anticipated restoration time?"*




| TOTAL INTEREST | |
|---|---|
| Residential | 86% |
| Small Bus | 94% |
| Large Bus | N=6 |

Interest is very high at 87%, and especially among businesses.

*"To manage the impact of power outages, Elexicon replaces aging infrastructure, trims trees near powerlines, and invests in equipment that helps restore service faster. Which of the following statements best represents your views on what level of reliability Elexicon should target?"*

| | |
|---|---|
| Elexicon should spend more on reliability, but less in other areas that also affect customers, if this can help avoid some bill increases | 38% |
| Elexicon should maintain current reliability levels, even if it gradually increases my monthly electricity bill in the long term | 37% |
| Elexicon should invest more to improve reliability, and I would accept a larger increase to my monthly bill in the long term to achieve this | 12% |
| Not Sure | 10% |
| Maintain reliability and do not raise prices | 3% |
| Elexicon should invest less in outage prevention to reduce the impact of future bill increases, even if it potentially means more and longer outages for myself and others | 1% |

An almost equal number support spending more on reliability and less on other areas (to avoid some bill increases) and maintaining current reliability, even if it increases monthly bills in the long term.

*"Elexicon can prevent more outages caused by aging equipment if it proactively replaces more equipment before it fails. Another option is to wait and replace equipment only after it fails, which potentially causes more service interruptions and leads to extra costs such as staff overtime. Which of the following options best describes your views on this trade-off?"*

| | |
|---|---|
| Elexicon should replace more equipment before it fails, spending more today to prevent future outages and keep bill increases predictable | 85% |
| Not Sure | 7% |
| Elexicon should wait until more equipment fails, reducing its spending today, even if this causes more future outages and unpredictable bill increases down the road | 5% |
| Maintenance on a schedule and no rate increases | 4% |

A very strong majority of 85% feel equipment should be replaced before it fails.

*"Elexicon's top spending priority is always to keep its power system and operations safe. With its budget staying nearly flat through 2029, Elexicon will face tough trade-offs when selecting among other investment priorities."*

*"Please choose two of the following objectives that you think Elexicon should focus its efforts on, in addition to keeping the system safe and accommodating new growth in the coming years."*

| | First mention | Second mention | Combined |
|---|---|---|---|
| Improving the grid's resilience to major weather events, like storms, floods, or freezing rain | 32% | 30% | 31% |
| Preparing the grid for new types of uses, like electric vehicles and renewable generation | 22% | 12% | 17% |
| Investing now in things that will help reduce rate increases after 2029 | 12% | 20% | 16% |
| Minimizing the impact of power outages | 6% | 20% | 13% |
| Helping customers manage their electricity use | 11% | 9% | 10% |
| Reducing the environmental impact of Elexicon's operations | 11% | 5% | 8% |
| Improving power quality | 4% | 3% | 4% |
| Addressing customer requests faster and more efficiently | 2% | 1% | 2% |

Improving the grid's resilience to major events is the number one, two, and combined choice. The next highest in terms of combined results is preparing the grid for new uses, followed by investing in things that will help reduce rate increases after 2029.

**45% of customers who are dissatisfied with reliability listed minimizing outage impacts in their top two priorities.**

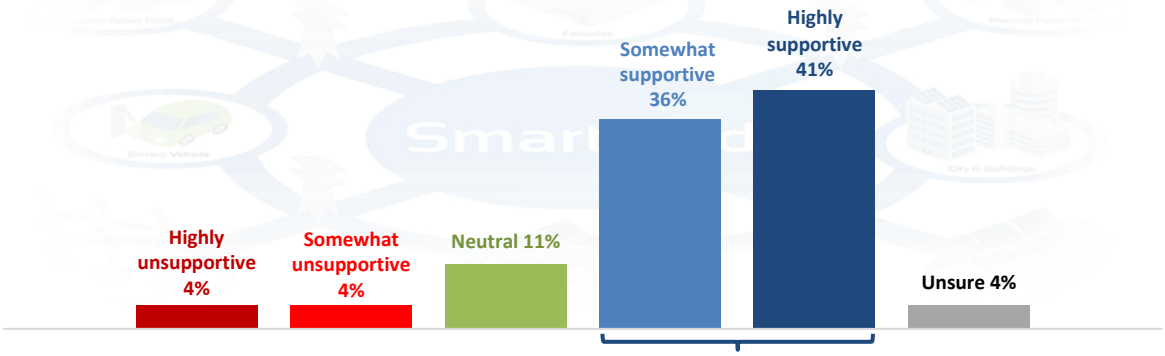
*"Aside from investments to support customer growth, Elexicon currently plans to spend about 73% of its remaining five-year budget on managing reliability, 22% on efficiency, health, and safety of its own operations, and 5% on the technical upkeep of its power grid."*

*"Do you consider this plan satisfactory, or would you prefer to allocate more budget towards one of those three categories above the others?"*

| | |
|---|---|
| I am satisfied with the planned allocation based on what I know | 53% |
| I would prefer to spend more on the technical upkeep of the power grid and less on the other two | 16% |
| Not Sure | 14% |
| I would prefer to spend more on reliability and less on the other two | 11% |
| I would prefer to spend more on efficiency, health, and safety of operations and less on the other two | 6% |

A slim majority or 53% are satisfied with the planned allocation, next followed by those wanting more spent on technical upkeep (16%) and reliability (11%). Only 6% want more spent-on efficiency, health, and safety, while 11% were unsure.

*"Part of Elexicon's future planning involves investing in grid management technologies that will help it manage the impact of more Electric Vehicles, Renewable Generation, and Energy Storage. Like with all budgeting decisions, investing in new technology today requires making trade-offs. How supportive are you of Elexicon's intent to invest in future technologies at this time?"*

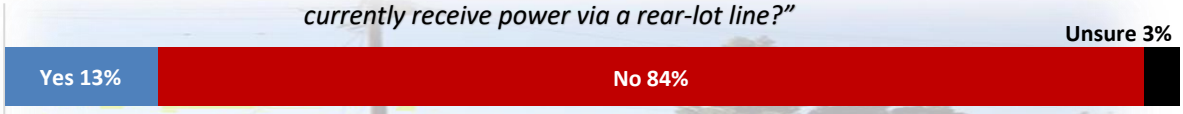



Support for investing in new technologies is at a strong 77%.

| TOTAL SUPPORTIVE | |
|---|---|
| Residential | 76% |
| Small Bus | 80% |
| Large Bus | N=6 |

Customers were read a description of rear-lot overhead power lines, the challenges they face, and the cost of conversion to underground lines. They were then asked the following two questions.

*"To the best of your knowledge, does your place of <residence>/<business> currently receive power via a rear-lot line?"*




*"Elexicon has several options to consider for how it schedules the rear-lot conversion work. Which of the following options do you see as most preferred?"*

| | |
|---|---|
| Move lines underground and plan work geographically, finishing all work in one area before moving elsewhere. While concentrating the work in a single community for a shorter timeframe is less inconvenient to local residents, it could leave vulnerable rear-lot feeders in other communities unaddressed for longer. | 39% |
| Move lines underground and plan work according to worst performing areas. This spreads the work across Elexicon's service territory over time but may mean that there may be multiple construction-related disruptions. | 24% |
| Maintain the status quo – keep the overhead lines in the rear lots, replacing them as they fail. While budgets can be used elsewhere, it will leave area customers vulnerable to longer than average outages. | 22% |
| Not Sure | 15% |

While no option received majority preference, most named was moving lines underground and working geographically, while the other two alternatives received roughly the same percentage of responses.


# ICM Project #1: New Pickering Area Transformer Station

Next, online participants were read background information about three projects that Elexicon plans to seek approval for additional rate increases. They were informed that two projects are driven by population growth and the third is needed to sustain operations in the Belleville area.

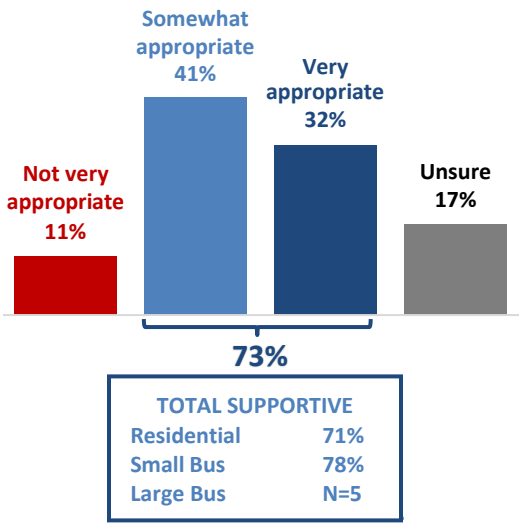
Elexicon will request special rate increases for these projects since it cannot finance them along with its other budgetary priorities. These requests are reviewed by the OEB through a process known as the Incremental Capital Module (ICM).

The first project is a large new Transformer Station in the Pickering area, required to support the residential and commercial growth that is projected to add as many as 32,000 new customers over the next 20 years. Elexicon estimates that to avoid system capacity shortages, the station needs to be in service in 2022.

The project is expected to cost about $40 million, which amounts to an approximate:

- $1.45 - $1.85 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- 2.90 - $3.60 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- $280.95 - $343.40 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"To what degree do you consider the level of proposed investments in the Transformer Station appropriate?*




*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 81% |
| If it is necessary / if needed / get it done | 8% |
| Developers should pay a higher portion of cost | 3% |
| Customers affected should pay | 3% |
| Against the proposed project all together | 1% |
| Do not increase rates | 1% |
| Better cost-efficient solutions are needed | 1% |
| Do not want to pay for other communities | 1% |
| More renewable energy needed | 1% |
| Should focus on conservation | 1% |
| Apply new rates for new customers | <1% |
| Too costly | <1% |

Seventy-three percent consider the level of investment appropriate (somewhat & very), only 11% do not feel it appropriate, and 17% were undecided. More than 80% had no comments, with those that did being split over support and wanting alternative costing options.

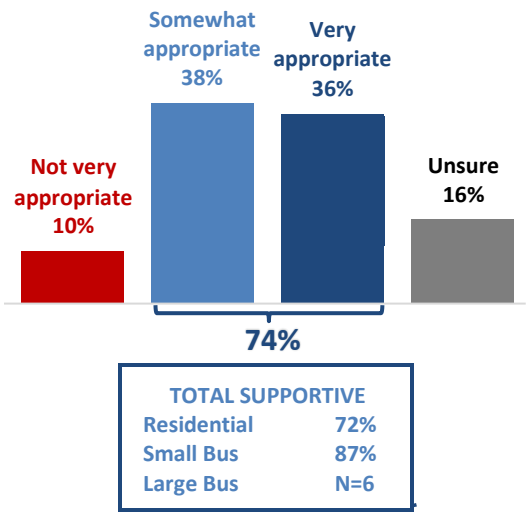
# ICM Project #2: Accommodating the Move of the Belleville Operations Centre

The second project for funding is a new Operations Centre in Belleville to accommodate staff and equipment involved in providing customer service and responding to local power outages. The lease on the existing facility is set to expire in 2021 and cannot be renewed. Having considered all feasible options, Elexicon determined that owning a new facility is the most cost-effective option for customers in the long term.

The project is expected to cost about $2.6 million, which amounts to an approximate

- $0.10 - $0.15 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- $0.25 - $0.30 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- $2.6 million, which amounts to an approximate $18.35 - $23.50 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"To what degree do you consider the level of proposed investments in the Operations Centre appropriate?"*




*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 88% |
| It is a required investment / reasonable / needed | 4% |
| Customers / communities affected should pay | 3% |
| Lack of information to make an informed decision | 2% |
| Refurbish an existing building | 2% |
| Customers should not have to pay | 1% |
| Against project all together | 1% |
| Consider lease / renting building | 1% |
| Build it smart / keep future growth in mind | 1% |
| Business / developers should pay | <1% |

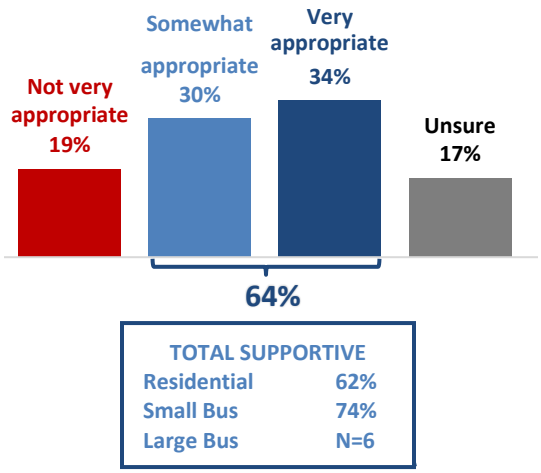
Almost three-quarters consider the level of investment appropriate, with results very strong among businesses. Most had no comments or thoughts to share. Comments were spread among those supporting the project and others opposed to having to pay for it.

# ICM Project #3: Underground System Relocation in Pickering to Enable Regional Bus Rapid Transit

To enable construction of dedicated Rapid Transit Bus Lanes in the Hwy #2 corridor in Pickering, Elexicon is required to relocate existing underground feeder infrastructure located in the right of way intended for the bus lanes. Elexicon and its customers are responsible for a portion of this cost, estimated to be $2.8 million. While performing this work, Elexicon will have an opportunity to replace or upgrade any equipment, as necessary.

- The project's cost is equivalent to an approximate $0.10 - $0.15 bill increase per month starting in 2022 for the average **residential customer** in the Veridian rate zone.
- The project's cost is equivalent to an approximate $0.25 - $0.30 bill increase per month starting in 2022 for the average **small business customer** in the Veridian rate zone.
- The project's cost is equivalent to an approximate $27.95 - $35.70 bill increase per month starting in 2022 for the average **large business customer** in the Veridian rate zone.

*"Do you consider the level of investment proposed for this underground infrastructure project to be very appropriate, somewhat appropriate, or not appropriate? "*




*"Do you have any thoughts you'd like to share with respect to this project?"*

| | |
|---|---|
| Unsure / none | 76% |
| Customers / communities affected should pay | 5% |
| Should be a priority | 4% |
| Project should be covered by taxpayers | 3% |
| Costs should be covered by transit users | 2% |
| Need more information / unclear | 2% |
| Complete as efficiently and quickly as possible | 2% |
| Will improve reliability | 1% |
| Project not a priority | 1% |
| Municipality should pay | 1% |
| Transit is important / needed for growth | 1% |
| Should be paid for by investors | 1% |
| Poor planning | 1% |
| Will raise rates | 1% |
| Disagree with project | 1% |

Results were lowest for this project with 64% saying the project was somewhat or very appropriate. While some comments expressed support, others reflected the belief that funding or costing should come from others, such as affected users and municipalities.

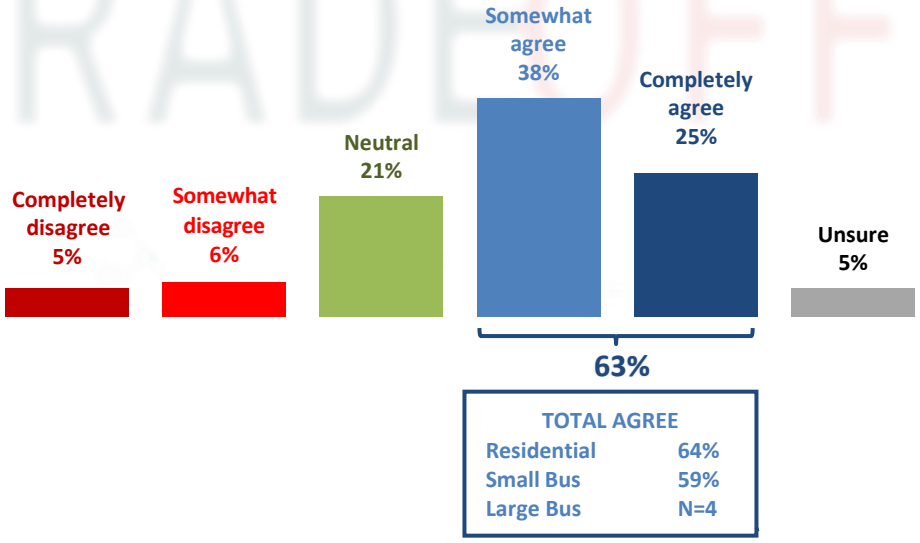
In the final question about the three ICM projects, respondents were asked which of five options would give them the most confidence that Elexicon is acting in their best interest.

*"What type of information about the three proposed ICM projects would give you the most confidence that Elexicon is acting in the best interest of their customers in mind?"*

| | |
|---|---|
| **39%** | Why Elexicon could not build these projects without seeking rate increases |
| **16%** | Why the chosen design and size are optimal |
| **14%** | Why the projects cannot be built for less |
| **6%** | Why the projects cannot be reasonably delayed |
| **2%** | Why these projects could not be built in other areas |
| **23%** | Unsure |

Most named was why Elexicon could not build these projects without seeking rate increases, followed by why the chosen designs and sizes are optimal and then why they cannot be built for less. Twenty-three percent answered do not know or were unsure.


*"As a result of taking this survey, would you agree that you have a better appreciation of the planning trade-offs that Elexicon must consider when making investment plans?"*



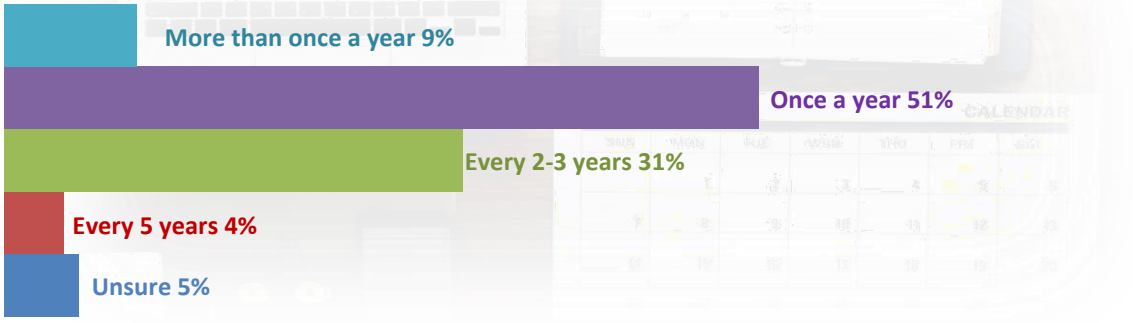

Sixty-three percent somewhat or completely agreed that they have a better appreciation of the planning trade-offs that Elexicon needs to consider when making investment plans. This compares to 11% that somewhat or completely disagreed, while 21% gave a neutral (neither agree nor disagree) response and 5% were unsure.

Customers were asked about their preferred method to have Elexicon consult with them on similar topics. Below are the percentage of counts or the responses for each category.

*"In the future, what is your preferred method to have Elexicon consult with you about topics similar to what we discussed?"*

| | |
|---|---|
| Live Online Presentations and Q&A Sessions | 33% |
| Email | 22% |
| Online Surveys | 20% |
| Unsure | 15% |
| Bill inserts | 14% |
| In-Person Townhall Meetings | 7% |
| Phone Surveys | 2% |
| In-Person Focus Groups | 2% |
| Mail | 1% |
| Newspaper | 1% |

*"How often should Elexicon engage its customers on matters such as those captured in this survey?"*




➡ Once a year is how often a small majority want to be engaged, followed by 31% that named every 2-3 years, 9% more than once a year, and only 4% every five years.

*"Do you have any other comments, questions, or suggestions that you would like Elexicon to consider as it develops its capital plans for the coming years?"*

| | | |
|---|---|---|
| Unsure / none | N=467 | 78% |
| Lower rates | N=51 | 9% |
| Limit increases to most needed projects | N=18 | 3% |
| Promote Green Energy | N=12 | 2% |
| Do most needed first | N=10 | 2% |
| Upgrades too costly | N=8 | 1% |
| Improve customer service | N=6 | 1% |
| More energy savings advice | N=5 | 1% |
| More outreach needed | N=5 | 1% |
| Amount and length of outages too high | N=3 | 1% |
| Communities should cover costs | N=3 | 1% |
| Support upgrades | N=3 | 1% |
| Upgrades should not impact customers | N=3 | 1% |
| Support Electric vehicles | N=2 | <1% |
| Removal of overhead wires | N=2 | <1% |
| The projects should have been planned | N=1 | <1% |
| We should not pay for new developments | N=1 | <1% |

# Online Results by Question

| Q1.Firstly, please confirm that you reside in a household or work in an organization associated with an Elexicon customer account. | | | |
|---|---|---|---|
| | | N | Percent |
| | Yes | 262 | 100.0 |

| Q01B.What is the municipality associated with the Elexicon customer account? | | | |
|---|---|---|---|
| | | N | Percent |
| | Whitby | 75 | 28.6 |
| | Ajax | 61 | 23.3 |
| | Pickering | 43 | 16.4 |
| | Belleville | 19 | 7.3 |
| | Clarington (Bowmanville, Orono, Newcastle) | 19 | 7.3 |
| | Gravenhurst | 19 | 7.3 |
| | Port Hope | 11 | 4.2 |
| | Brock (Beaverton, Cannington, Sunderland) | 7 | 2.7 |
| | Port Perry | 7 | 2.7 |
| | Uxbridge | 1 | .4 |
| | Total | 262 | 100.0 |

| Q02.To provide better context for your responses, please confirm whether you are completing this survey as a Residential Customer or a Business Customer. | | | |
|---|---|---|---|
| | | N | Percent |
| | Residential | 262 | 100.0 |

| Q03.In your <household/business> what is your role with respect to paying for the cost of electricity? Are you primarily responsible, partially responsible, or not responsible for paying the electricity bill? | | | |
|---|---|---|---|
| | | N | Percent |
| | I am primarily responsible for paying my household's electricity bill | 233 | 88.9 |
| | I share the responsibility for paying my household's electricity bill | 29 | 11.1 |
| | Total | 262 | 100.0 |

| Q1.When did you first become aware of the merger between Veridian Connections and Whitby Hydro Electric Corporation to form Elexicon? | N | Percent |
|---|---|---|
| More than a year ago | 183 | 69.8 |
| Less than a year ago | 40 | 15.3 |
| Was not aware until this survey | 19 | 7.3 |
| Not Sure | 20 | 7.6 |
| Total | 262 | 100.0 |

| Q2A.Overall, how satisfied are you with the services Elexicon provides you with? | N | Percent |
|---|---|---|
| Highly Satisfied | 92 | 35.1 |
| Somewhat Satisfied | 90 | 34.4 |
| Neither Satisfied nor Dissatisfied | 45 | 17.2 |
| Somewhat Dissatisfied | 17 | 6.5 |
| Highly Dissatisfied | 10 | 3.8 |
| Not Sure | 8 | 3.1 |
| Total | 262 | 100.0 |

| Q2B. In your own words, what are the reasons for your current level of satisfaction or dissatisfaction with Elexicon as expressed in your last response? | N | Percent |
|---|---|---|
| No problems / satisfied | 59 | 22.5 |
| Unsure | 55 | 21.0 |
| Reliable / stable service | 33 | 12.6 |
| Poor service / interruptions in service | 29 | 11.1 |
| Hydro rates are high / expensive | 23 | 8.8 |
| No change | 10 | 3.8 |
| Old / outdated Infrastructure | 7 | 2.7 |
| Dislike time of use / need to simplify / change | 6 | 2.3 |
| No notice for planned outages | 5 | 1.9 |
| No experience / new customers / too soon to rate | 5 | 1.9 |
| Poor costumer service /long waits | 5 | 1.9 |
| Service has improved | 5 | 1.9 |
| Website problems / issues | 4 | 1.5 |
| Simplify billing / payment methods | 3 | 1.1 |
| Billing problems | 3 | 1.1 |
| Good customer service | 3 | 1.1 |
| The transition has been seamless | 2 | .8 |
| Need alternative energy options | 2 | .8 |
| Cannot compare due to the monopoly | 1 | .4 |
| Lack of follow up | 1 | .4 |
| Give rebates | 1 | .4 |
| Total | 262 | 100.0 |

| Q3."The amount of my monthly electricity bill is a major expense item for my family and requires me to go without some other important priorities." | | | |
|---|---|---|---|
| | | N | Percent |
| | Strongly Disagree | 65 | 24.8 |
| | Somewhat Disagree | 52 | 19.8 |
| | Neither Agree nor Disagree | 71 | 27.1 |
| | Somewhat Agree | 54 | 20.6 |
| | Strongly Agree | 18 | 6.9 |
| | Not Sure | 2 | .8 |
| | Total | 262 | 100.0 |

| Q4."When I had specific questions or requests for Elexicon or its predecessors, I was satisfied with how they were resolved." | | | |
|---|---|---|---|
| | | N | Percent |
| | Strongly Agree | 51 | 19.5 |
| | Somewhat Agree | 46 | 17.6 |
| | Neither Agree nor Disagree | 50 | 19.1 |
| | Somewhat Disagree | 24 | 9.2 |
| | Strongly Disagree | 9 | 3.4 |
| | Not Applicable | 82 | 31.3 |
| | Total | 262 | 100.0 |

| Q5.If you plan to purchase a vehicle in the next five years, how likely are you to consider purchasing an electric vehicle? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Likely | 40 | 15.3 |
| | Somewhat Likely | 75 | 28.6 |
| | Not Very Likely | 49 | 18.7 |
| | Not Likely at All | 56 | 21.4 |
| | Not Applicable | 22 | 8.4 |
| | Not Sure | 20 | 7.6 |
| | Total | 262 | 100.0 |

| Q6.How likely are you to become involved in self-generation of electricity at your place of residence over the next five years (for example, by installing solar panels)? | | | |
|---|---|---|---|
| | | N | Valid Percent |
| | I am already involved in self generation | 6 | 2.3 |
| | Very Likely | 22 | 8.4 |
| | Somewhat Likely | 46 | 17.6 |
| | Not Very Likely | 78 | 29.8 |
| | Not Likely at All | 67 | 25.6 |
| | Not Applicable (e.g., housing situation does not permit) | 27 | 10.3 |
| | Not Sure | 16 | 6.1 |
| | Total | 262 | 100.0 |

| Q7. In 2019, an average Elexicon customer experienced 1.28 outages. Thinking back to your experience over the past year, how many times has the power been out at… | | | |
|---|---|---|---|
| | | N | Percent |
| | 0 | 21 | 8.0 |
| | 1 | 37 | 14.1 |
| | 2 | 77 | 29.4 |
| | 3 | 33 | 12.6 |
| | More than 3 | 64 | 24.4 |
| | Not Sure | 30 | 11.5 |
| | Total | 262 | 100.0 |

| Q8.In 2019, Elexicon customers experienced power outages lasting an average of 1.63 hours. Thinking back to your experience, please estimate how long your power outages lasted on average? | | | |
|---|---|---|---|
| | | N | Percent |
| | Under 30 minutes | 52 | 19.8 |
| | Under 1 hour | 58 | 22.1 |
| | Between 1 and 2 hours | 57 | 21.8 |
| | Longer than 2 hours | 56 | 21.4 |
| | Not Sure | 39 | 14.9 |
| | Total | 262 | 100.0 |

| Q9.Which of the following options best represents your overall satisfaction with service reliability over the last few years? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Satisfied | 111 | 42.4 |
| | Somewhat Satisfied | 88 | 33.6 |
| | Neither Satisfied nor Dissatisfied | 24 | 9.2 |
| | Somewhat Dissatisfied | 23 | 8.8 |
| | Very Dissatisfied | 8 | 3.1 |
| | Not Sure | 8 | 3.1 |
| | Total | 262 | 100.0 |

| Q10.When power outages do occur, which aspect of them has been most inconvenient for you? | | | |
|---|---|---|---|
| | | N | Percent |
| | How long the outages have lasted | 114 | 43.5 |
| | How often the outages have occurred | 52 | 19.8 |
| | Not Sure | 42 | 16.0 |
| | Impact it has on my electronics / computers | 19 | 7.3 |
| | None / no inconveniences | 11 | 4.2 |
| | Getting information from Elexicon / contact with (duration, restoration, etc.) | 8 | 3.1 |
| | Both how often & how long | 8 | 3.1 |
| | Timing / when they occur | 5 | 1.9 |
| | No heat / no cooling / appliances | 3 | 1.1 |
| | Total | 262 | 100.0 |

| Q11.When there is a power outage, how do you interact with Elexicon Energy? Select all that apply. | | | |
|---|---|---|---|
| | | N | Percent |
| | I check the outage map online | 98 | 37.4 |
| | I do not take any steps | 79 | 30.2 |
| | I phone the outage number posted on the website | 51 | 19.5 |
| | I check Twitter | 16 | 6.1 |
| | Telephone call | 7 | 2.7 |
| | No experience | 4 | 1.5 |
| | I use both Twitter and Map | 3 | 1.1 |
| | Radio | 2 | .8 |
| | Unsure | 2 | .8 |
| | Total | 262 | 100.0 |

| Q12.Please indicate your level of interest in the following potential service offering: When an outage occurs, are you interested in receiving notifications sent to your phone (via text and/or voice to landline) about its cause and anticipated restoration time? | | | |
|---|---|---|---|
| | | N | Percent |
| | Yes | 226 | 86.3 |
| | No | 27 | 10.3 |
| | Not Sure | 9 | 3.4 |
| | Total | 262 | 100.0 |

| Q13.To manage the impact of power outages, Elexicon replaces aging infrastructure, trims trees near powerlines, and invests in equipment that helps restore service faster. Which of the following statements best represents your views on what level of reliability Elexicon should target? | | | |
|---|---|---|---|
| | | N | Percent |
| | Elexicon should spend more on reliability, but less in other areas that also affect customers, if this can help avoid some bill increases. | 97 | 37.0 |
| | Elexicon should maintain current reliability levels, even if it gradually increases my monthly electricity bill in the Long term | 83 | 31.7 |
| | Elexicon should invest more to improve reliability, and I would accept a larger increase to my monthly bill in the long term | 32 | 12.2 |
| | Not Sure | 30 | 11.5 |
| | Maintain reliability & do not raise prices | 11 | 4.2 |
| | Elexicon should invest less in outage prevention to reduce the impact of future bill increases, even if it potentially m | 7 | 2.7 |
| | Provide better service overall | 2 | .8 |
| | Total | 262 | 100.0 |

| Q14 Which of the following options best describes your views on this trade-off? | | | |
|---|---|---|---|
| | | N | Percent |
| | Elexicon should replace more equipment before it fails, spending more today to prevent future outages and keep bill increases predictable | 212 | 80.9 |
| | Not Sure | 25 | 9.5 |
| | Elexicon should wait until more equipment fails, reducing its spending today, even if this causes more future outages and unpredictable bill increases down the road | 13 | 5.0 |
| | Maintenance on a schedule & no rate increases | 10 | 3.8 |
| | Invest in better equipment | 2 | .8 |
| | Total | 262 | 100.0 |

**Q15. Please select two potential objectives from the following list that you think Elexicon should focus its efforts on in addition to keeping the system safe and accommodating new growth in the coming years.**

| Q15 FIRST CHOICE | | N | Percent |
|---|---|---|---|
| | Improving the grid's resilience to major weather events, like storms, floods, or freezing rain | 74 | 28.2 |
| | Preparing the grid for new types of uses, like electric vehicles and renewable generation | 61 | 23.3 |
| | Investing now in things that will help reduce rate increases after 2029 | 34 | 13.0 |
| | Reducing the environmental impact of Elexicon's operations | 31 | 11.8 |
| | Helping customers manage their electricity use | 25 | 9.5 |
| | Minimizing the impact of power outages | 18 | 6.9 |
| | Improving power quality | 13 | 5.0 |
| | Addressing customer requests faster and more efficiently | 6 | 2.3 |
| | Total | 262 | 100.0 |

| Q15 SECOND CHOICE | | N | Percent |
|---|---|---|---|
| | Improving the grid's resilience to major weather events, like storms, floods, or freezing rain | 82 | 31.3 |
| | Investing now in things that will help reduce rate increases after 2029 | 52 | 19.8 |
| | Minimizing the impact of power outages | 51 | 19.5 |
| | Preparing the grid for new types of uses, like electric vehicles and renewable generation | 30 | 11.5 |
| | Helping customers manage their electricity use | 25 | 9.5 |
| | Reducing the environmental impact of Elexicon's operations | 13 | 5.0 |
| | Improving power quality | 6 | 2.3 |
| | Addressing customer requests faster and more efficiently | 3 | 1.1 |
| | Total | 262 | 100.0 |

**Q16. Aside from investments to support customer growth, Elexicon currently plans to spend about 73% of its remaining five-year budget on managing reliability, 22% on efficiency, health, and safety of its own operations, and 5% on the technical upkeep of its power grid. Do you consider this plan satisfactory, or would you prefer to allocate more budget towards one of those three categories above the others?**

| | | N | Percent |
|---|---|---|---|
| | I am satisfied with the planned allocation based on what I know | 130 | 49.6 |
| | I would prefer to spend more on the technical upkeep of the power grid and less on the other two | 48 | 18.3 |
| | Not Sure | 43 | 16.4 |
| | I would prefer to spend more on reliability and less on the other two | 22 | 8.4 |
| | I would prefer to spend more on efficiency, health, and safety of operations and less on the other two | 19 | 7.3 |
| | Total | 262 | 100.0 |

**Q17. Part of Elexicon's future planning involves investing in grid management technologies that will help it manage the impact of more Electric Vehicles, Renewable Generation, and Energy Storage. Like with all budgeting decisions, investing in new technology today requires making trade-offs. How supportive are you of Elexicon's intent to invest in future technologies at this time?**

| | | N | Percent |
|---|---|---|---|
| | Highly Supportive | 91 | 34.7 |
| | Somewhat Supportive | 102 | 38.9 |
| | Neither Supportive nor Unsupportive | 32 | 12.2 |
| | Somewhat Unsupportive | 15 | 5.7 |
| | Highly Unsupportive | 9 | 3.4 |
| | Not Sure | 13 | 5.0 |
| | Total | 262 | 100.0 |

**Q18. To the best of your knowledge, does your place of residence / business currently receive power via a rear-lot line?**

| | | N | Percent |
|---|---|---|---|
| | Yes | 29 | 11.1 |
| | No | 192 | 73.3 |
| | Not Sure | 41 | 15.6 |
| | Total | 262 | 100.0 |

| Q19. Elexicon has several options to consider for how it schedules the rear-lot conversion work. Which of the following options do you see as most preferred? | | | |
|---|---|---|---|
| | | N | Percent |
| | Maintain the status quo – keep all the lines overhead in the rear lots, replacing them as they fail. | 45 | 17.2 |
| | Move lines underground and plan work according to worst performing areas. | 57 | 21.8 |
| | Move lines underground and plan work geographically, finishing all work in one area before moving elsewhere. | 100 | 38.2 |
| | Not Sure | 60 | 22.9 |
| | Total | 262 | 100.0 |

| Q20.To what degree do you consider the level of proposed investments in the Transformer Station appropriate? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Appropriate | 72 | 27.5 |
| | Somewhat Appropriate | 105 | 40.1 |
| | Not Very Appropriate | 31 | 11.8 |
| | Not Sure / Cannot Rate | 54 | 20.6 |
| | Total | 262 | 100.0 |

| Q21.Do you have any thoughts you'd like to share with respect to this project? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 184 | 70.2 |
| | Customers affected should pay | 17 | 6.5 |
| | Developers should be covering a higher portion of the cost | 15 | 5.7 |
| | Against the proposed project all together | 9 | 3.4 |
| | If it is necessary / if needed / get it done | 9 | 3.4 |
| | Better cost-efficient solutions are needed | 9 | 3.4 |
| | Do not want to pay for other communities | 5 | 1.9 |
| | Do not increase rates | 3 | 1.1 |
| | Not enough information to make a decision | 3 | 1.1 |
| | Safely and reliability | 2 | .8 |
| | More renewable energy sources such as solar or wind | 2 | .8 |
| | Too costly | 2 | .8 |
| | Make sure there is a backup plan | 1 | .4 |
| | Should focus on conservation | 1 | .4 |
| | Total | 262 | 100.0 |

| Q22.To what degree do you consider the level of proposed investments in the Operations Centre appropriate? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Appropriate | 84 | 32.1 |
| | Somewhat Appropriate | 96 | 36.6 |
| | Not Very Appropriate | 29 | 11.1 |
| | Not Sure / Cannot Rate | 53 | 20.2 |
| | Total | 262 | 100.0 |

| Q23.Do you have any thoughts you'd like to share with respect to this proposed project? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 207 | 79.0 |
| | Customers / communities affected should pay | 11 | 4.2 |
| | It is a required investment / reasonable / needed | 8 | 3.1 |
| | Refurbish an existing building | 6 | 2.3 |
| | Should come from reserve funds not customers | 4 | 1.5 |
| | Against project all together | 4 | 1.5 |
| | Lack of information to make an informed decision | 4 | 1.5 |
| | Build it smart / keep future growth in mind | 3 | 1.1 |
| | Compare leasing versus new build | 3 | 1.1 |
| | Customers should not have to pay | 3 | 1.1 |
| | Lease / rent building | 2 | .8 |
| | Should have been done years ago | 2 | .8 |
| | Proposed budget seems too low | 1 | .4 |
| | Municipality should help finance | 1 | .4 |
| | Savings should be passed onto the customer | 1 | .4 |
| | Business / developers should pay | 1 | .4 |
| | Should be mortgage financed | 1 | .4 |
| | Total | 262 | 100.0 |

| Q24.To what degree do you consider the level of proposed investments in the Underground System Relocation appropriate? | | | |
|---|---|---|---|
| | | Frequency | Percent |
| | Very Appropriate | 81 | 30.9 |
| | Somewhat Appropriate | 80 | 30.5 |
| | Not Very Appropriate | 51 | 19.5 |
| | Not Sure / Cannot Rate | 50 | 19.1 |
| | Total | 262 | 100.0 |

| Q25.Do you have any thoughts you'd like to share with respect to this proposed project? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 194 | 74.0 |
| | Customers / residents / communities affected should pay | 16 | 6.1 |
| | Should be a priority | 9 | 3.4 |
| | Project should be covered by taxpayers | 8 | 3.1 |
| | Project not a priority | 7 | 2.7 |
| | Need more information / unclear | 5 | 1.9 |
| | Costs should be covered by transit users | 5 | 1.9 |
| | Municipality should pay | 4 | 1.5 |
| | Should be paid for by investors | 3 | 1.1 |
| | Will improve reliability | 3 | 1.1 |
| | Poor planning | 2 | .8 |
| | Project should be completed as efficiently and quickly as possible | 2 | .8 |
| | Disagree with project | 2 | .8 |
| | Will raise rates | 1 | .4 |
| | Should be Elexicon's responsibility | 1 | .4 |
| | Total | 262 | 100.0 |

| Q26.What type of information about the three proposed ICM projects would give you the most confidence that Elexicon is acting with the best interest of their customers in mind? | | | |
|---|---|---|---|
| | | N | Percent |
| | Why Elexicon could not build these projects without seeking rate increases | 98 | 37.4 |
| | Not Sure | 76 | 29.0 |
| | Why the chosen design and size are optimal | 39 | 14.9 |
| | Why the projects cannot be built for less | 30 | 11.5 |
| | Why the projects cannot be reasonably delayed | 14 | 5.3 |
| | Why these projects could not be built in other areas | 5 | 1.9 |
| | Total | 262 | 100.0 |

| Q27.We're almost done – we have only a few more questions to ask you. As a result of taking this survey, would you agree that you have a better appreciation of the planning trade-offs that Elexicon must consider when making investment plans? | | | |
|---|---|---|---|
| | | N | Percent |
| | Completely Agree | 69 | 26.3 |
| | Somewhat Agree | 112 | 42.7 |
| | Neither Agree nor Disagree | 50 | 19.1 |
| | Somewhat Disagree | 11 | 4.2 |
| | Completely Disagree | 7 | 2.7 |
| | Not Sure | 13 | 5.0 |
| | Total | 262 | 100.0 |

**Q28. To help Elexicon improve on customer engagement in the future, please identify your preferred ways for being consulted in the future on similar topics.**

| MULTIPLES RESPONSES ACCEPTED | | Responses | | Percent of Cases |
|---|---|---|---|---|
| | | N | Percent | |
| | Online Surveys | 244 | 74.8% | 93.1% |
| | Phone Surveys | 8 | 2.5% | 3.1% |
| | In-Person Focus Groups | 13 | 4.0% | 5.0% |
| | In-Person Townhall Meetings | 20 | 6.1% | 7.6% |
| | Live Online Presentations and Q&A Sessions | 35 | 10.7% | 13.4% |
| | Mail | 2 | 0.6% | 0.8% |
| | Newspaper | 1 | 0.3% | 0.4% |
| | Bill inserts | 2 | 0.6% | 0.8% |
| | General email | 1 | 0.3% | 0.4% |
| **Total** | | 326 | 100.0% | 124.4% |

| Q29.How often should Elexicon engage its customers on matters such as those captured in this survey? | | | |
|---|---|---|---|
| | | N | Percent |
| | Once a Year | 126 | 48.1 |
| | Once Every 2-3 Years | 86 | 32.8 |
| | More Than Once a Year | 31 | 11.8 |
| | Once Every 5 Years | 12 | 4.6 |
| | Not Sure | 7 | 2.7 |
| | Total | 262 | 100.0 |

| Q30.Do you have any other comments, questions, or suggestions that you would like Elexicon to consider as it develops its capital plans for the coming years? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 218 | 83.2 |
| | Lower rates | 12 | 4.6 |
| | Promote Green Energy | 5 | 1.9 |
| | Limit increases to most needed projects | 2 | .8 |
| | Removal of overhead wires | 2 | .8 |
| | Invest in an outage communication system | 2 | .8 |
| | App to monitor usage | 2 | .8 |
| | More tools to help manage my electricity use | 2 | .8 |
| | Keep the utilities public / local | 2 | .8 |
| | Amount and length of outages too high | 1 | .4 |
| | Support Electric vehicles | 1 | .4 |
| | Stop all investment in Green Energy | 1 | .4 |
| | Communities should cover costs | 1 | .4 |
| | Support upgrades | 1 | .4 |
| | Create jobs | 1 | .4 |
| | Move to online payments only | 1 | .4 |
| | Improve customer service | 1 | .4 |
| | Would like to obtain data from Smart Meter | 1 | .4 |
| | Capital costs should have been pre-planned | 1 | .4 |
| | Upgrades should not impact customers | 1 | .4 |
| | Upgrades too costly | 1 | .4 |
| | The entire ratepayer base should not pay for expansion to new subdivisions. | 1 | .4 |
| | Trees are being trimmed down / cut down unnecessarily | 1 | .4 |
| | More outreach needed | 1 | .4 |
| | Total | 262 | 100.0 |

# Telephone Results by Question

| Q1.Firstly, please confirm that you reside in a household or work in an organization associated with an Elexicon customer account. | | Frequency | Percent |
|---|---|---|---|
| | Yes | 600 | 100.0 |

| Q01B.What is the municipality associated with the Elexicon customer account? | | N | Percent |
|---|---|---|---|
| | Whitby | 173 | 28.8 |
| | Ajax | 107 | 17.8 |
| | Pickering | 103 | 17.2 |
| | Belleville | 60 | 10.0 |
| | Clarington (Bowmanville, Orono, Newcastle) | 45 | 7.5 |
| | Gravenhurst | 44 | 7.3 |
| | Port Hope | 27 | 4.5 |
| | Brock (Beaverton, Cannington, Sunderland) | 17 | 2.8 |
| | Scugog | 14 | 2.3 |
| | Uxbridge | 10 | 1.7 |
| | Total | 600 | 100.0 |

| Q02.To provide better context for your responses, please confirm whether you are completing this survey as a Residential Customer or a Business Customer. | | N | Percent |
|---|---|---|---|
| | Residential | 524 | 87.3 |
| | Small Business (monthly electricity bill below $2,500) | 70 | 11.7 |
| | Large Business (monthly electricity bill above $2,500) | 6 | 1.0 |
| | Total | 600 | 100.0 |

| Q03.In your <household/business> what is your role with respect to paying for the cost of electricity? Are you primarily responsible, partially responsible, or not responsible for paying the electricity bill? | | N | Percent |
|---|---|---|---|
| | I am primarily responsible for paying my household's electricity bill | 466 | 77.7 |
| | I share the responsibility for paying my household's electricity bill | 58 | 9.7 |
| | I am the person responsible for managing my organization's electricity bill | 42 | 7.0 |
| | I am the person overseeing the management of my organization's electricity bill | 34 | 5.7 |
| | Total | 600 | 100.0 |

| Q1.When did you first become aware of the merger between Veridian Connections and Whitby Hydro Electric Corporation to form Elexicon? | | N | Percent |
|---|---|---|---|
| | More than a year ago | 426 | 71.0 |
| | Less than a year ago | 93 | 15.5 |
| | Was not aware until this survey | 36 | 6.0 |
| | Not Sure | 45 | 7.5 |
| | Total | 600 | 100.0 |

| Q2A.Overall, how satisfied are you with the services Elexicon provides you with? | | N | Percent |
|---|---|---|---|
| | Highly Satisfied | 217 | 36.2 |
| | Somewhat Satisfied | 213 | 35.5 |
| | Neither Satisfied nor Dissatisfied | 91 | 15.2 |
| | Somewhat Dissatisfied | 39 | 6.5 |
| | Highly Dissatisfied | 22 | 3.7 |
| | Not Sure | 18 | 3.0 |
| | Total | 600 | 100.0 |

| Q2B. In your own words, what are the reasons for your current level of satisfaction or dissatisfaction with Elexicon as expressed in your last response? | N | Percent |
|---|---|---|
| Unsure / none | 178 | 29.7 |
| No problems / satisfied | 146 | 24.3 |
| Reliable / stable service | 82 | 13.7 |
| Hydro rates are high / expensive | 75 | 12.5 |
| Poor service / interruptions / outages | 61 | 10.2 |
| No experience / new customers / too soon to rate | 12 | 2.0 |
| Old / outdated Infrastructure | 11 | 1.8 |
| Good customer service | 7 | 1.2 |
| Poor customer service /long wait times | 7 | 1.2 |
| No notice for planned outages | 6 | 1.0 |
| Simplify billing / payment methods | 5 | .8 |
| Dislike time of use / need to simplify / change | 5 | .8 |
| Lack of follow up | 3 | .5 |
| Billing problems | 2 | .3 |
| Total | 600 | 100.0 |

| Q3.“The amount of my monthly electricity bill is a major expense item for my family and requires me to go without some other important priorities.” | N | Percent |
|---|---|---|
| Strongly Disagree | 119 | 19.8 |
| Somewhat Disagree | 146 | 24.3 |
| Neither Agree nor Disagree | 135 | 22.5 |
| Somewhat Agree | 143 | 23.8 |
| Strongly Agree | 53 | 8.8 |
| Not Sure | 4 | .7 |
| Total | 600 | 100.0 |

| Q4.“When I had specific questions or requests for Elexicon or its predecessors, I was satisfied with how they were resolved.” | N | Percent |
|---|---|---|
| Strongly Agree | 117 | 19.5 |
| Somewhat Agree | 127 | 21.2 |
| Neither Agree nor Disagree | 112 | 18.7 |
| Somewhat Disagree | 49 | 8.2 |
| Strongly Disagree | 26 | 4.3 |
| Not Applicable | 163 | 27.2 |
| Unsure | 6 | 1.0 |
| Total | 600 | 100.0 |

| Q5. If you plan to purchase a vehicle in the next five years, how likely are you to consider purchasing an electric vehicle? | N | Percent |
|---|---|---|
| Very Likely | 94 | 15.7 |
| Somewhat Likely | 189 | 31.5 |
| Not Very Likely | 107 | 17.8 |
| Not Likely at All | 124 | 20.7 |
| Not Applicable | 41 | 6.8 |
| Not Sure | 45 | 7.5 |
| Total | 600 | 100.0 |

| Q6. How likely are you to become involved in self-generation of electricity at your place of residence over the next five years (for example, by installing solar panels)? | | | |
|---|---|---|---|
| | | N | Percent |
| | I am already involved in self generation | 15 | 2.5 |
| | Very Likely | 56 | 9.3 |
| | Somewhat Likely | 100 | 16.7 |
| | Not Very Likely | 164 | 27.3 |
| | Not Likely at All | 171 | 28.5 |
| | Not Applicable (e.g., housing situation does not permit) | 47 | 7.8 |
| | Not Sure | 47 | 7.8 |
| | Total | 600 | 100.0 |

| Q7. In 2019, an average Elexicon customer experienced 1.28 outages. Thinking back to your experience over the past year, how many times has the power been out at your home to the best of your recollection? | | | |
|---|---|---|---|
| | | N | Percent |
| | 0 | 42 | 7.0 |
| | 1 | 87 | 14.5 |
| | 2 | 184 | 30.7 |
| | 3 | 83 | 13.8 |
| | More than 3 | 154 | 25.7 |
| | Not Sure | 50 | 8.3 |
| | Total | 600 | 100.0 |

| Q8. In 2019, Elexicon customers experienced power outages lasting an average of 1.63 hours. Thinking back to your experience, please estimate how long your power outages lasted on average? | | | |
|---|---|---|---|
| | | N | Percent |
| | Under 30 minutes | 137 | 22.8 |
| | Under 1 hour | 128 | 21.3 |
| | Between 1 and 2 hours | 123 | 20.5 |
| | Longer than 2 hours | 150 | 25.0 |
| | Not Sure | 62 | 10.3 |
| | Total | 600 | 100.0 |

| Q9.Which of the following options best represents your overall satisfaction with service reliability over the last few years? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Satisfied | 245 | 40.8 |
| | Somewhat Satisfied | 188 | 31.3 |
| | Neither Satisfied nor Dissatisfied | 61 | 10.2 |
| | Somewhat Dissatisfied | 70 | 11.7 |
| | Very Dissatisfied | 22 | 3.7 |
| | Not Sure | 14 | 2.3 |
| | Total | 600 | 100.0 |

| Q10.When power outages do occur, which aspect of them has been most inconvenient for you? | | | |
|---|---|---|---|
| | | N | Percent |
| | How long the outages have lasted | 289 | 48.2 |
| | How often the outages have occurred | 114 | 19.0 |
| | Not Sure | 91 | 15.2 |
| | Impact it has on my electronics / computers | 46 | 7.7 |
| | None / no inconveniences | 24 | 4.0 |
| | Both how often & how long | 17 | 2.8 |
| | Getting information from Elexicon / contact with (duration, restoration, etc.) | 12 | 2.0 |
| | Timing / when they occur | 7 | 1.2 |
| | Total | 600 | 100.0 |

| Q11.When there is a power outage, how do you interact with Elexicon Energy? | | | |
|---|---|---|---|
| | | N | Percent |
| | I check the outage map online | 229 | 38.2 |
| | I do not take any steps | 171 | 28.5 |
| | I phone the outage number posted on the website | 126 | 21.0 |
| | I check Twitter | 36 | 6.0 |
| | Telephone call | 22 | 3.7 |
| | Unsure | 9 | 1.5 |
| | No experience | 5 | .8 |
| | Radio | 2 | .3 |
| | Total | 600 | 100.0 |

| **Q12.Please indicate your level of interest in the following potential service offering: When an outage occurs, are you interested in receiving notifications sent to your phone (via text and/or voice to landline) about its cause and anticipated restoration** time? | | | |
|---|---|---|---|
| | | N | Percent |
| | Yes | 524 | 87.3 |
| | No | 58 | 9.7 |
| | Not Sure | 18 | 3.0 |
| | Total | 600 | 100.0 |

| Q13.To manage the impact of power outages, Elexicon replaces aging infrastructure, trims trees near powerlines, and invests in equipment that helps restore service faster. Which of the following statements best represents your views on what level of reliability Elexicon should target? | | | |
|---|---|---|---|
| | | N | Percent |
| | Elexicon should spend more on reliability, but less in other areas that also affect customers, if this can help avoid some bill increases | 226 | 37.7 |
| | Elexicon should maintain current reliability levels, even if it gradually increases my monthly electricity bill in the long term | 219 | 36.5 |
| | Elexicon should invest more to improve reliability, and I would accept a larger increase to my monthly bill in the long term | 72 | 12.0 |
| | Not Sure | 60 | 10.0 |
| | Maintain reliability & do not raise prices | 15 | 2.5 |
| | Elexicon should invest less in outage prevention to reduce the impact of future bill increases, even if it potentially means more and longer outages for myself and others | 8 | 1.3 |
| | Total | 600 | 100.0 |

| Q14 Which of the following options best describes your views on this trade-off? | | | |
|---|---|---|---|
| | | N | Percent |
| | Elexicon should replace more equipment before it fails, spending more today to prevent future outages and keep bill increases predictable | 507 | 84.5 |
| | Not Sure | 41 | 6.8 |
| | Elexicon should wait until more equipment fails, reducing its spending today, even if this causes more future outages and unpredictable bill increases down the road | 30 | 5.0 |
| | Maintenance on a schedule & no rate increases | 22 | 3.7 |
| | Total | 600 | 100.0 |

**Q15. Please select two potential objectives from the following list that you think Elexicon should focus its efforts on in addition to keeping the system safe and accommodating new growth in the coming years.**

| Q15. FIRST CHOICE | N | Percent |
|---|---|---|
| Improving the grid's resilience to major weather events, like storms, floods, or freezing rain | 192 | 32.0 |
| Preparing the grid for new types of uses, like electric vehicles and renewable generation | 133 | 22.2 |
| Investing now in things that will help reduce rate increases after 2029 | 73 | 12.2 |
| Helping customers manage their electricity use | 65 | 10.8 |
| Reducing the environmental impact of Elexicon's operations | 63 | 10.5 |
| Minimizing the impact of power outages | 37 | 6.2 |
| Improving power quality | 24 | 4.0 |
| Addressing customer requests faster and more efficiently | 13 | 2.2 |
| Total | 600 | 100.0 |

| Q15. SECOND CHOICE | N | Percent |
|---|---|---|
| Improving the grid's resilience to major weather events, like storms, floods, or freezing rain | 182 | 30.3 |
| Minimizing the impact of power outages | 121 | 20.2 |
| Investing now in things that will help reduce rate increases after 2029 | 120 | 20.0 |
| Preparing the grid for new types of uses, like electric vehicles and renewable generation | 69 | 11.5 |
| Helping customers manage their electricity use | 51 | 8.5 |
| Reducing the environmental impact of Elexicon's operations | 30 | 5.0 |
| Improving power quality | 20 | 3.3 |
| Addressing customer requests faster and more efficiently | 7 | 1.2 |
| Total | 600 | 100.0 |

**Q16.Aside from investments to support customer growth, Elexicon currently plans to spend about 73% of its remaining five-year budget on managing reliability, 22% on efficiency, health, and safety of its own operations, and 5% on the technical upkeep of Its power grid. Do you consider this plan satisfactory, or would you prefer to allocate more budget towards one of those three categories above the others?**

| | N | Percent |
|---|---|---|
| I am satisfied with the planned allocation based on what I know | 319 | 53.2 |
| I would prefer to spend more on the technical upkeep of the power grid and less on the other two | 95 | 15.8 |
| Not Sure | 84 | 14.0 |
| I would prefer to spend more on reliability and less on the other two | 65 | 10.8 |
| I would prefer to spend more on efficiency, health, and safety of operations and less on the other two | 37 | 6.2 |
| Total | 600 | 100.0 |

**Q17.Part of Elexicon's future planning involves investing in grid management technologies that will help it manage the impact of more Electric Vehicles, Renewable Generation, and Energy Storage. Like with all budgeting decisions, investing in new technology today requires making trade-offs. How supportive are you of Elexicon's intent to invest in future technologies at this time?**

| | N | Percent |
|---|---|---|
| Highly Supportive | 243 | 40.5 |
| Somewhat Supportive | 215 | 35.8 |
| Neither Supportive nor Unsupportive | 66 | 11.0 |
| Somewhat Unsupportive | 25 | 4.2 |
| Highly Unsupportive | 26 | 4.3 |
| Not Sure | 25 | 4.2 |
| Total | 600 | 100.0 |

| Q18. To the best of your knowledge, does your place of residence / business currently receive power via a rear-lot line? | N | Percent |
|---|---|---|
| Yes | 79 | 13.2 |
| No | 505 | 84.2 |
| Not Sure | 16 | 2.7 |
| Total | 600 | 100.0 |

| Q19. Elexicon has several options to consider for how it schedules the rear-lot conversion work. Which of the following options do you see as most preferred? | N | Percent |
|---|---|---|
| Maintain the status quo – keep all the lines overhead in the rear lots, replacing them as they fail. | 131 | 21.8 |
| Move lines underground and plan work according to worst performing areas. | 144 | 24.0 |
| Move lines underground and plan work geographically, finishing all work in one area before moving elsewhere. | 234 | 39.0 |
| Not Sure | 91 | 15.2 |
| Total | 600 | 100.0 |

| Q20.To what degree do you consider the level of proposed investments in the Transformer Station appropriate? | N | Percent |
|---|---|---|
| Very Appropriate | 189 | 31.5 |
| Somewhat Appropriate | 247 | 41.2 |
| Not Very Appropriate | 62 | 10.3 |
| Not Sure / Cannot Rate | 102 | 17.0 |
| Total | 600 | 100.0 |

| Q21.Do you have any thoughts you'd like to share with respect to this project? | N | Percent |
|---|---|---|
| Unsure / none | 484 | 80.7 |
| If it is necessary / if needed / get it done | 50 | 8.3 |
| Developers should be covering a higher portion of the cost | 18 | 3.0 |
| Customers affected should pay | 16 | 2.7 |
| Against the proposed project all together | 6 | 1.0 |
| Do not increase rates | 6 | 1.0 |
| Better cost-efficient solutions are needed | 6 | 1.0 |
| Do not want to pay for other communities | 4 | .7 |
| More renewable energy sources such as solar or wind | 3 | .5 |
| Should focus on conservation | 3 | .5 |
| Apply new rates for new customers | 2 | .3 |
| Too costly | 2 | .3 |
| Total | 600 | 100.0 |

| Q22.To what degree do you consider the level of proposed investments in the Operations Centre appropriate? | N | Percent |
|---|---|---|
| Somewhat Appropriate | 228 | 38.0 |
| Very Appropriate | 215 | 35.8 |
| Not Very Appropriate | 59 | 9.8 |
| Not Sure / Cannot Rate | 98 | 16.3 |
| Total | 600 | 100.0 |

| Q23.Do you have any thoughts you'd like to share with respect to this proposed project? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 525 | 87.5 |
| | It is a required investment / reasonable / needed | 21 | 3.5 |
| | Customers / communities affected should pay | 17 | 2.8 |
| | Lack of information to make an informed decision | 9 | 1.5 |
| | Refurbish an existing building | 9 | 1.5 |
| | Customers should not have to pay | 6 | 1.0 |
| | Against project all together | 4 | .7 |
| | Lease / rent building | 4 | .7 |
| | Build it smart / keep future growth in mind | 3 | .5 |
| | Business / developers should pay | 2 | .3 |
| | Total | 600 | 100.0 |

| Q24.To what degree do you consider the level of proposed investments in the Underground System Relocation appropriate? | | | |
|---|---|---|---|
| | | N | Percent |
| | Very Appropriate | 206 | 34.3 |
| | Somewhat Appropriate | 177 | 29.5 |
| | Not Very Appropriate | 113 | 18.8 |
| | Not Sure / Cannot Rate | 104 | 17.3 |
| | Total | 600 | 100.0 |

| Q25.Do you have any thoughts you'd like to share with respect to this proposed project? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 456 | 76.0 |
| | Customers / residents / communities affected should pay | 30 | 5.0 |
| | Should be a priority | 22 | 3.7 |
| | Project should be covered by taxpayers | 15 | 2.5 |
| | Costs should be covered by transit users | 14 | 2.3 |
| | Need more information / unclear | 10 | 1.7 |
| | Project should be completed as efficiently and quickly as possible | 9 | 1.5 |
| | Will improve reliability | 8 | 1.3 |
| | Project not a priority | 8 | 1.3 |
| | Municipality should pay | 7 | 1.2 |
| | Transit is important / needed for growth | 6 | 1.0 |
| | Should be paid for by investors | 5 | .8 |
| | Poor planning | 4 | .7 |
| | Will raise rates | 3 | .5 |
| | Disagree with project | 3 | .5 |
| | Total | 600 | 100.0 |

| Q26.What type of information about the three proposed ICM projects would give you the most confidence that Elexicon is acting with the best interest of their customers in mind? | | | |
|---|---|---|---|
| | | N | Percent |
| | Why Elexicon could not build these projects without seeking rate increases | 234 | 39.0 |
| | Not Sure | 137 | 22.8 |
| | Why the chosen design and size are optimal | 94 | 15.7 |
| | Why the projects cannot be built for less | 86 | 14.3 |
| | Why the projects cannot be reasonably delayed | 36 | 6.0 |
| | Why these projects could not be built in other areas | 13 | 2.2 |
| | Total | 600 | 100.0 |

| Q27.We're almost done – we have only a few more questions to ask you. As a result of taking this survey, would you agree that you have a better appreciation of the planning trade-offs that Elexicon must consider when making investment plans? | | | |
|---|---|---|---|
| | | N | Percent |
| | Completely Agree | 151 | 25.2 |
| | Somewhat Agree | 227 | 37.8 |
| | Neither Agree nor Disagree | 129 | 21.5 |
| | Somewhat Disagree | 34 | 5.7 |
| | Completely Disagree | 28 | 4.7 |
| | Not Sure | 31 | 5.2 |
| | Total | 600 | 100.0 |

**Q28. To help Elexicon improve on customer engagement in the future, please identify your preferred ways for being consulted in the future on similar topics.**

| MULTIPLES RESPONSES ACCEPTED | | Responses | | Percent of Cases |
|---|---|---|---|---|
| | | N | Percent | |
| | Online Surveys | 121 | 17.6% | 20.2% |
| | Phone Surveys | 9 | 1.3% | 1.5% |
| | In-Person Focus Groups | 10 | 1.5% | 1.7% |
| | In-Person Townhall Meetings | 40 | 5.8% | 6.7% |
| | Live Online Presentations and Q&A Sessions | 195 | 28.3% | 32.5% |
| | Mail | 7 | 1.0% | 1.2% |
| | Newspaper | 5 | 0.7% | 0.8% |
| | Bill inserts | 82 | 11.9% | 13.7% |
| | Email | 132 | 19.2% | 22.0% |
| | Unsure | 87 | 12.6% | 14.5% |
| **Total** | | 688 | 100.0% | 114.7% |

| Q29.How often should Elexicon engage its customers on matters such as those captured in this survey? | | | |
|---|---|---|---|
| | | N | Percent |
| | Once Every 5 Years | 24 | 4.0 |
| | Once Every 2-3 Years | 184 | 30.7 |
| | Once a Year | 304 | 50.7 |
| | More Than Once a Year | 55 | 9.2 |
| | Not Sure | 33 | 5.5 |
| | Total | 600 | 100.0 |

| Q30.Do you have any other comments, questions, or suggestions that you would like Elexicon to consider as it develops its capital plans for the coming years? | | | |
|---|---|---|---|
| | | N | Percent |
| | Unsure / none | 467 | 77.8 |
| | Lower rates | 51 | 8.5 |
| | Limit increases to most needed projects | 18 | 3.0 |
| | Promote Green Energy | 12 | 2.0 |
| | Do most needed first | 10 | 1.7 |
| | Upgrades too costly | 8 | 1.3 |
| | Improve customer service | 6 | 1.0 |
| | Energy savings advice | 5 | .8 |
| | More outreach needed | 5 | .8 |
| | Amount and length of outages too high | 3 | .5 |
| | Communities should cover costs | 3 | .5 |
| | Support upgrades | 3 | .5 |
| | Upgrades should not impact customers | 3 | .5 |
| | Support Electric vehicles | 2 | .3 |
| | Removal of overhead wires | 2 | .3 |
| | The projects should have been planned | 1 | .2 |
| | We should not pay for new developments | 1 | .2 |
| | Total | 600 | 100.0 |

**VECC – 2**

**Reference:** Appendix B– Incremental Capital Module Page 16

**Preamble:**
Elexicon indicates 63% of Elexicon customers (544 of the 862 surveyed) considers the proposed Underground System Relocation in Pickering to Enable Regional Bus Rapid Transit to be appropriate. 77% of surveyed customers when asked if they had any thoughts specific to the project answered “unsure/ none”, indicating the general approval and lack of concerns.

**Question:**

**Please provide the survey questions, responses and summary report of the survey.**

Response:

Please see Elexicon’s response to VECC-1.

**VECC – 3**

**Reference:** Appendix B– Page 5

**Question:**

**a) Please calculate the Threshold Capital Expenditure for 2022 (VRZ) and Maximum Eligible Incremental Capital (VRZ) if the spending for the Seaton TS is removed from 2022 and the forecast capital in the DSP (VRZ) is smoothed over the 5 year period 2022 to 2026 such that the forecast spend in 2022 (VRZ) is the average of the 5 years.**

Response:

If Seaton TS is removed from 2022 and the 2022 forecasted capital expenditures in the VRZ is revised to match the 5-year average of 2022 to 2026 ($30.1MM), then the Materiality Threshold for 2022 (VRZ) would remain at $18.8MM, and the Maximum Eligible Incremental Capital (VRZ) would be $11.3MM.

Elexicon does not agree that such a smoothing approach is appropriate for the purposes of determining the Materiality Threshold or the Maximum Eligible Incremental Capital.

**b) Please provide the bill impacts.**

Response:

Using the assumptions in (a) generates the following bill impacts if the BRT Hwy 2 ICM is approved:

## VECC-3 Table 1: Bill Impacts of Original Submission (updated for Staff-25)

| Original Submission (updated for Staff - 25) | | | | A Distribution Charges (excluding pass through) | | B Distribution Charges (including pass through) | | C Delivery (including Sub-Total B) | | Total Bill | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Customer Class | kWh | kW | RPP? Non? | $ Change | % Change | $ Change | % Change | $ Change | % Change | $ Change | % Change |
| Residential | 750 | | RPP | 1.95 | 6.9% | 4.12 | 12.5% | 5.46 | 12.8% | 5.13 | 4.4% |
| Seasonal | 645 | | RPP | 4.06 | 8.0% | 5.81 | 10.5% | 7.02 | 10.9% | 6.61 | 5.2% |
| GS<50 kW | 2,000 | | RPP | 4.12 | 7.5% | 10.12 | 15.0% | 13.26 | 14.6% | 12.48 | 4.3% |
| GS 50 to 2,999 kW | 432,160 | 1,480 | Non | 417.77 | 7.5% | 2,896.47 | 47.1% | 3,982.50 | 28.4% | 4,500.22 | 6.2% |
| GS 3,000 to 4,999 kW | 1,752,000 | 4,000 | Non | 1,079.16 | 7.0% | 8,924.76 | 52.0% | 12,156.36 | 29.9% | 13,736.69 | 5.0% |
| Large User | 4,219,400 | 6,800 | Non | 2,368.92 | 7.4% | 15,250.84 | 43.7% | 20,744.56 | 27.7% | 23,441.35 | 3.7% |
| USL | 500 | | RPP | 1.19 | 7.2% | 2.69 | 13.9% | 3.48 | 13.8% | 3.27 | 4.4% |
| Sentinel Lights | 180 | 1 | RPP | 1.62 | 8.4% | 2.69 | 13.2% | 3.15 | 13.2% | 2.97 | 7.3% |
| Street Lighting | 424,881 | 988 | Non | 2,040.84 | 16.0% | 3,693.83 | 28.5% | 4,169.99 | 25.4% | 4,712.09 | 6.1% |

## VECC-3 Table 2: Bill Impacts after Changes Proposed in VECC-3

| Updated VECC - 3 | | | | A Distribution Charges (excluding pass through) | | B Distribution Charges (including pass through) | | C Delivery (including Sub-Total B) | | Total Bill | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Customer Class | kWh | kW | RPP? Non? | $ Change | % Change | $ Change | % Change | $ Change | % Change | $ Change | % Change |
| Residential | 750 | | RPP | 0.28 | 1.0% | 2.45 | 7.4% | 3.79 | 8.9% | 3.56 | 3.1% |
| Seasonal | 645 | | RPP | 1.01 | 2.0% | 2.76 | 5.0% | 3.97 | 6.2% | 3.74 | 3.0% |
| GS<50 kW | 2,000 | | RPP | 0.84 | 1.5% | 6.84 | 10.1% | 9.98 | 11.0% | 9.40 | 3.3% |
| GS 50 to 2,999 kW | 432,160 | 1,480 | Non | 95.16 | 1.7% | 2,573.87 | 41.8% | 3,659.89 | 26.1% | 4,135.68 | 5.7% |
| GS 3,000 to 4,999 kW | 1,752,000 | 4,000 | Non | 175.48 | 1.1% | 8,021.08 | 46.7% | 11,252.68 | 27.7% | 12,715.53 | 4.6% |
| Large User | 4,219,400 | 6,800 | Non | 529.16 | 1.6% | 13,411.08 | 38.4% | 18,904.80 | 25.3% | 21,362.42 | 3.4% |
| USL | 500 | | RPP | 0.20 | 1.2% | 1.70 | 8.8% | 2.49 | 9.9% | 2.34 | 3.1% |
| Sentinel Lights | 180 | 1 | RPP | 0.46 | 2.4% | 1.52 | 7.4% | 1.98 | 8.3% | 1.87 | 4.6% |
| Street Lighting | 424,881 | 988 | Non | 1,270.80 | 10.0% | 2,923.78 | 22.5% | 3,399.95 | 20.7% | 3,841.94 | 5.0% |

## VECC-3 Table 3: Comparison of Change in Bill Impacts

| | Impact VECC 3 | |
|---|---|---|
| Customer Class | $ Change | % Change |
| Residential | - 1.57 | -1.4% |
| Seasonal | - 2.87 | -2.3% |
| GS<50 kW | - 3.09 | -1.1% |
| GS 50 to 2,999 kW | - 364.54 | -0.5% |
| GS 3,000 to 4,999 kW | - 1,021.16 | -0.4% |
| Large User | - 2,078.93 | -0.3% |
| USL | - 0.93 | -1.3% |
| Sentinel Lights | - 1.10 | -2.7% |
| Street Lighting | - 870.15 | -1.1% |

**VECC – 4**

**Reference:** Appendix B– Incremental Capital Module Page

**Question:**

**Elexicon indicates that in the merger application (EB-2018-0236), Veridian and Whitby Hydro identified that there were potential ICM requirements during the 10-year deferral period, and specifically mentioned the Seaton Transformer Station as one such potential project.**

**Please provide the reference.**

Response:

Elexicon's merger application (EB-2018-0236) identifying Seaton TS as a potential ICM is referenced below:

Page 20:

> *"Under the proposed rate-making plan, LDC Mergeco will annually file a PCIR application for the previous Veridian LDC service area and an AIRI application for the previous Whitby LDC service area for the duration of the 10 year rebasing deferral period. The proposed rate making plan includes the provision of an Incremental Capital Module ("ICM"), applicable to the Veridian LDC service area only, for the nondiscretionary Seaton TS and Belleville service centre capital investments referenced above."*

Page 42:

> *"At the time of this Application, Veridian LDC has identified ICM requirements during the deferral period. These capital investments include but are not limited to supporting the forecasted electricity demands in north Pickering by means of a new transformer station*

*(Seaton MTS) and capital investments required to meet the future needs of the Belleville Operations Centre.*

*As set out in the Handbook and referenced in the Board's Decision in EB-2016-0025, rate-setting following a consolidation will not be addressed in an application for approval of a consolidation transaction unless there is a rate proposal that is an integral aspect of the consolidation. The Applicants submit that there is no need to address an ICM in this MAADs proceeding but believe it is appropriate to identify these capital requirements at this time as they are likely to be the subject of an ICM during the proposed deferral period"*

**VECC – 5**

**Reference:**

**Preamble:**
While Elexicon originally anticipated that its new Belleville operations centre might also be included in this ICM application, Elexicon recognizes that a certain degree of project expenditure over and above the defined threshold calculation is expected to be absorbed within Elexicon's total capital budget.

**Question:**

**a) What is the status of the Belleville operations centre?**

Response:

Please see Elexicon's response to PWU-1.

**b) Does Elexicon expect to absorb this project within its total capital budget. If yes, what year?**

Response:

Yes, Elexicon expects to absorb this project within its total capital budget. Please see Elexicon's response to PWU-1 for additional details and timing.