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**File No. 099576.000089**

August 23, 2022

**DELIVERED BY EMAIL AND RESS**

Nancy Marconi  
Ontario Energy Board  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Marconi

**Re: Elexicon Energy Inc.  
EB-2022-0024 2023 Distribution Rate Application  
Affidavit of Service**

On August 16, 2022, the OEB issued Notice of Application along with the Letter of Direction for the above noted proceeding.

As directed by the OEB, enclosed please find the Affidavit of Service, which has been filed through the OEB's Regulatory Electronic Submission System.

Please contact the undersigned if you have any questions.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

A handwritten signature in black ink that reads 'Colm Boyle'. The signature is written in a cursive, flowing style.

Colm Boyle

JV/CB

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act,  
1998, S.O. 1998, c.15 (Sched. B);

**AND IN THE MATTER OF** an Application by  
Elexicon Energy Inc. to the Ontario Energy Board for an  
Order or Orders approving or fixing just and reasonable  
rates and other service charges for the distribution of  
electricity for Elexicon Energy Inc. as of January 1,  
2023.

**AFFIDAVIT OF SERVICE**

I, Cynthia Chan of the Town of Whitby, make oath and say as follows:

1. I am in the employ of Elexicon Energy Inc. (“**Elexicon**”) and as such have knowledge of the matters hereinafter deposed to.
2. Pursuant to the August 16, 2022 Letter of Direction from the Ontario Energy Board (OEB), I arranged for the service by email the Notice of Hearing (Exhibit A), and the Elexicon Application and Evidence, not including appendices due to the size of the file, (Exhibit B) upon the required parties.
3. As directed by the OEB in the Letter of Direction, attached hereto is proof in the form of an email (Exhibit C) that the relevant Notice of Application and Elexicon’s Application and evidence was served directly on all intervenors in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015.
4. In accordance with the Letter of Direction, I caused a copy of the Notice of Hearing and the Application and Evidence to be placed in a prominent place on Elexicon’s website. Attached as Exhibit D is proof of the information posted to the website.

**SWORN before me in the City of )  
Toronto, this 23rd day of )  
August, 2022. )**

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CYNTHIA CHAN

**A Commissioner for taking Affidavits  
Colm Boyle**

## ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF ELEXICON ENERGY INC.

**Elexicon Energy Inc. has applied to raise its electricity distribution rates effective January 1, 2023.**

**Learn more. Have your say.**

Elexicon Energy Inc. has applied to the Ontario Energy Board to raise its electricity distribution rates, effective January 1, 2023, in the Veridian and Whitby rate zones. If the application is approved as filed, a typical residential customer and a typical general service customer of Elexicon Energy Inc. in each of the rate zones would see the following increase:

### Veridian Rate Zone

Rate Class	Monthly Bill Impact
Residential 750 kWh	\$0.78 per month
General Service less than 50kW (2,000 kWh)	\$4.95 per month

### Whitby Rate Zone

Rate Class	Monthly Bill Impact
Residential 750 kWh	\$3.85 per month
General Service less than 50kW (2,000 kWh)	\$8.23 per month

The requested rate increases are set using an OEB-approved formula which is tied to inflation and other factors intended to promote efficiency.

Elexicon Energy Inc. has also applied for other approvals which are further described below. Please review the application for the complete list of approvals and to determine whether you will be affected by the changes proposed in the application.

Elexicon Energy Inc. has applied to dispose of the balances in certain deferral and variance accounts and to make adjustments to Account 1595 - Disposition and Recovery of Regulatory Balances Control Account, to correct for an error related to the recording of balances.

Elexicon Energy Inc. has applied for incremental capital funding for the construction of two 27.6 kilovolt feeders and associated equipment, that will connect a new development in North Brooklin to the Whitby Transformer Station. Elexicon Energy Inc. states that the feeders are needed to accommodate forecasted demand within North Brooklin, in the Whitby Rate Zone. The request is part of the first phase of the Sustainable Brooklin Project, where Elexicon Energy Inc. is working with a group of property developers interested in building new homes with built-in distributed energy resource enabling features, such as rough-ins for solar panels, battery storage and electric vehicle charging. Elexicon Energy Inc. has applied for an exemption from section 3.2 of the Ontario Energy Board's Distribution System Code, which if approved, will exempt the developers from contributing towards the cost of constructing the feeders. The project is expected to be in service in 2023 and its impact is reflected in the above-noted bill impacts.

Elexicon Energy Inc. has also applied for incremental funding for the installation of smart grid technologies as part of the Whitby Smart Grid Project. The Whitby Smart Grid Project is expected to be in service in 2025 and Elexicon Energy Inc. has applied for pre-approval for funding to deploy a combination of smart grid technologies, including an Advanced Distribution Management System and a Supervisory Control and Data Acquisition system, in the Whitby and Veridian rate zones. Elexicon Energy Inc. states that it is applying for pre-approval because of the long lead times for construction of the project and to have certainty that it will be authorized to recover the cost of the project from its customers. In this application, Elexicon Energy Inc. has proposed illustrative Rate Riders to recover the cost of the project, which if approved, will be updated in a future rate application, and applied to customer bills beginning January 1, 2025.

## THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider Elexicon Energy's application. We will determine whether the company has used the applicable models and formulas required by the OEB and consider Elexicon Energy's request for incremental capital funding. We will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB's hearing. At the end of this hearing, the OEB will decide what, if any, rate increases will be allowed.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

### BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review Elexicon Energy's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about Elexicon Energy's application and make arguments on whether the OEB should approve Elexicon Energy's request. Apply by **September 2, 2022**, or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

The OEB intends to consider cost awards in this proceeding that are in accordance with the *Practice Direction on Cost Awards* and only in relation to Elexicon Energy's requests for incremental capital funding and the proposed adjustments to Account 1595.

### LEARN MORE

These proposed charges relate to Elexicon Energy's distribution services. They make up part of the Delivery line - one of the line items on your bill. Our file number for this case is **EB-2022-0024**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please enter the file number **EB-2022-0024** on the OEB website: [www.oeb.ca/participate](http://www.oeb.ca/participate). You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

### ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. The OEB intends to proceed by way of a written hearing in this case. If you think an oral hearing is needed, you can write to the OEB to explain why by **September 2, 2022**.

### PRIVACY

*If you write a letter of comment, your name and the content of your letter will be placed on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.*

*This rate hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B.*



Ontario  
Energy  
Board

Commission  
de l'énergie  
de l'Ontario



July 27, 2022

via RESS

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Suite 2700  
Toronto, ON M4P 1E4  
Email: Boardsec@oeb.ca

Dear Ms. Marconi:

**Re: Elexicon Energy Inc.  
2023 IRM Distribution Rate Application  
OEB File No: EB-2022-0024**

Elexicon Energy Inc. ("Elexicon") submits its 2023 IRM Distribution Rate Application for the Veridian Rate Zone ("VRZ") and the Whitby Rate Zone ("WRZ"). This application includes an Incremental Capital Module request to support two projects that will provide benefits to both of its rate zones. The application includes an electronic filing through the Board's web portal ("RESS") and is comprised of:

- Complete copy of the application in PDF form
- Excel version of the IRM Checklist
- Excel version of the 2021 IRM Rate Generator model (VRZ & WRZ)
- Excel version of the GA Analysis Work Form (VRZ & WRZ)
- Excel version of the LRAMVA Work Form
- Excel version of the ICM models (one VRZ & two WRZ)
- Excel version of the Regulatory Accounting Guidance analysis in support of Accounts 1588 and 1589
  - i. VRZ: 2020 (full year)
  - ii. WRZ: 2020 (full year) & 2021 (full year)
- For demonstration purposes

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[elexiconenergy.com](http://elexiconenergy.com)

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Customer Care T (905) 420-8440 T 1 (888) 420-0070 F (905) 837-7861

**55 Taunton Rd. E.**

Ajax, ON L1T 3V3



- i. alternate version of the VRZ 2021 IRM Rate Generator model
- ii. alternate version of the GA Analysis Work form
- iii. excel spreadsheet comparison of the two versions of the IRM Rate Generator model

This application is respectfully submitted in accordance with the prescribed filing guidelines as outlined by the Board. Please contact me if you have any questions.

Sincerely,

Cynthia Chan, CPA, CA  
Chief Financial Officer  
Elexicon Energy Inc.

cc: John Vellone



# Elexicon Energy Inc.



# 2022

## IRM Rate Application

EB-2022-0024 | July 27, 2022



Elexicon Energy Inc.

# 2023 Incentive Rate-Making Application

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[elexiconenergy.com](http://elexiconenergy.com)

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1 **3.1 Application Introduction**

2 **IN THE MATTER OF** the Ontario Energy Board Act, 1998,  
3 being Schedule B to the Energy Competition Act, 1998, S.O.  
4 1998, c.15;

5 **AND IN THE MATTER OF** an Application by Elexicon Energy Inc. to the  
6 Ontario Energy Board for an Order or Orders approving or fixing just and  
7 reasonable rates and other service charges for the distribution of  
8 electricity for Elexicon Energy Inc. as of January 1, 2023.

9 Title of Proceeding: An application by Elexicon Energy Inc. for an Order or  
10 Orders approving or fixing just and reasonable  
11 distribution rates and other charges for Elexicon  
12 Energy Inc., effective January 1, 2023.

13 Applicant's Name: Elexicon Energy Inc.

14 Applicant's Address for Service: 100 Taunton Road East  
15 Whitby, Ontario  
16 L1N 5R8  
17 Attention: Cynthia Chan  
18 Telephone: (289) 356-3123  
19 E-mail: cchan@elexiconenergy.com

20 **1. Introduction**

21 (a) In the Decision and Order in Elexicon Energy Inc.'s Mergers, Acquisitions,  
22 Amalgamations and Divestitures ("MAADs") Application (EB-2018-0236), dated  
23 December 20, 2018, the Ontario Energy Board ("OEB" or the "Board") granted  
24 approval for Whitby Hydro Electric Corporation and Veridian Connections Inc. to  
25 amalgamate and continue operations as a single electricity distribution company.  
26 The merger was effective April 1, 2019. The amended licence ED-2019-0128



1 was issued April 2, 2019. As described in that application, Elexicon Energy Inc.  
2 (“Elexicon”) was granted a 10-year deferred rebasing period. This will be  
3 accomplished by maintaining two separate rate zones, Elexicon Energy Inc. –  
4 Whitby Rate Zone (“WRZ”) and Elexicon Energy Inc. – Veridian Rate Zone  
5 (“VRZ”) until rates are rebased.

6 (b) Elexicon hereby applies to the OEB pursuant to Section 78 of the *Ontario Energy*  
7 *Board Act, 1998* (the “OEB Act”) for approval of its proposed distribution rates and  
8 other charges, effective January 1, 2023, pursuant to the Board’s Price Cap  
9 Incentive Rate Index rate-setting methodology (“Price Cap IR”).

## 10 **2. Proposed Distribution Rates and Other Charges**

11 The Schedule of 2023 Rates and Charges proposed in this Application is identified  
12 in Appendix D.

## 13 **3. Proposed Effective Date of Rate Order**

14 Elexicon requests that the OEB make its Rate Order effective January 1, 2023.

15 Elexicon requests that the existing rates be made interim commencing January 1,  
16 2023, in the event that there is insufficient time for the Board to issue a final  
17 Decision and Order in this application for the implementation of the proposed rates  
18 and charges as of January 1, 2023.

19 Elexicon also requests to be permitted to recover the incremental revenue from  
20 the effective date to the implementation date if the dates are not aligned.

## 21 **4. Form of Hearing Requested**

22 Elexicon respectfully requests that this application be decided by way of a written  
23 hearing.



1   **5. Relief Sought**

2       Elexicon hereby applies for an Order or Orders approving the proposed distribution  
3       rates for all Elexicon rate classes updated and adjusted in accordance with  
4       Chapter 3 of the Filing Requirements dated May 24, 2022 including the following:

5       (a) An adjustment to the approved Retail Transmission Service Rates (“RTSRs”)  
6             as provided in the *Guideline G-2008-0001 – Electricity Distribution Retail*  
7             *Transmission Service Rates* (dated October 22, 2008) and subsequent  
8             revisions and updates to the Uniform Transmission Rates (“UTRs”) and as  
9             supported by the completion of the related sections of the Board issued 2023  
10            Rate Generator Model.

11       (b) The continuation of currently approved rates for:

- 12             • Smart Metering Entity Charge until December 31, 2027;  
13             • Low Voltage Service Rates

14       (c) Shared Tax Savings - VRZ is requesting the transfer of a credit amount of  
15             \$2,849 to subaccount 1595. This amount is associated with the 50/50 sharing  
16             of the impact of currently known legislated tax changes as per the Filing  
17             Requirements and as calculated in the 2023 Rate Generator Model. WRZ is  
18             requesting disposition of the shared tax savings as calculated in the 2023 Rate  
19             Generator Model

20       (d) Rate riders to address the disposition of LRAMVA account 1568 for \$3,787,229  
21             for VRZ (\$2,637,190) and WRZ (\$1,150,039). As per the *Conservation and*  
22             *Demand Management Guidelines for Electricity Distributors* issued December  
23             20, 2021 (EB-2021-0106), Elexicon is also seeking disposition of all  
24             outstanding LRAMVA balances on a prospective basis to address amounts that



1 would otherwise be recorded in the LRAMVA for each year until the next  
2 rebasing application currently scheduled for 2029. See Appendix A.

3 (e) Rate riders associated with the final disposition of the following deferral and  
4 variance accounts:

- 5
- 6 • Group 1 accounts as identified by the *Report of the Board on Electricity*  
7 *Distributors' Deferral and Variance Account Review Initiative* dated  
8 July 31, 2009 (the "EDDVAR Report") and any subsequent additions  
9 to the listing of accounts identified by the Board in the Filing  
10 Requirements.
- 11

12 The disposition requested relates to principal balances as at December 31,  
13 2021, plus any adjustments identified in this application along with the carrying  
14 charges projected to December 31, 2022

15 VRZ is also requesting disposition on a final basis of the 2020 Balances  
16 approved as interim in its 2022 Electricity Distribution Rate Application (EB-  
17 2021-0015).

18 In addition, Elexicon requests the following:

- 19 (f) Incremental Capital Module ("ICM") – Elexicon has capital investment needs  
20 that are not funded through existing distribution rates and hereby applies to the  
21 OEB pursuant to section 78 of the *Ontario Energy Board Act, 1998*, as amended  
22 (the "OEB Act") for approval of proposed incremental revenue requirement  
23 recovery as follows:



- 1 • ICM funding for the Whitby Smart Grid Project, including a
- 2 proportionate share of the Advanced Distribution Management System
- 3 (“ADMS”) costs in the WRZ;
  
- 4 • ICM funding for a proportionate share of the ADMS costs in the VRZ;
- 5 and
  
- 6 • ICM funding for the Sustainable Brooklin Project in the WRZ, together
- 7 with an exemption for the Brooklin Line from Section 3.2 of the
- 8 Distribution System Code;

9 See Appendix B.

10 **Table 1: 2023 Elexicon Rate Application Summary of Request**

		2023 Elexicon Rate Application	
		Summary of Request	
		VRZ	WRZ
	Distribution Rates	Updated Rates	Updated Rates
a	RTSRs	Updated Rates	Updated Rates
b	LV, SMEC	Continuation of Existing Rates	Continuation of Existing Rates
c	STS	Transfer to Account 1595	New Rate Riders
d	LRAMVA	New Rate Riders	New Rate Riders
e	Group 1 Disposition	New Rate Riders & Approval of 2020 Balances on a Final Basis	New Rate Riders
f	ICM	ICM Approval and new Rate Riders (2025)	ICM Approval and New Rate Riders (2023 & 2025) & Exemption from Section 3.2 of the DSC for the Brooklin Line

11

12 **6. Bill Impact**

13 The total bill impacts by customer class are:



1 **Table 2: Bill Impacts by Rate Class -VRZ**

Customer Class	kWh	kW	RPP? Non?	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	750		RPP	0.78	2.6%	0.85	2.3%	2.03	4.2%	1.95	1.6%
Seasonal	645		RPP	1.56	2.8%	1.62	2.6%	2.71	3.8%	2.60	1.9%
GS<50 kW	2,000		RPP	4.95	8.3%	4.95	6.4%	7.68	7.4%	7.37	2.4%
GS 50 to 2,999 kW	432,160	1,480	Non	804.80	13.3%	- 689.26	-7.6%	267.12	1.5%	301.84	0.4%
GS 3,000 to 4,999 kW	1,752,000	4,000	Non	1,127.53	6.8%	- 4,410.47	-17.0%	- 1,564.07	-3.0%	- 1,767.40	-0.7%
Large User	4,219,400	6,800	Non	5,395.71	15.5%	4,317.91	8.5%	9,156.79	9.5%	10,347.17	1.7%
USL	500		RPP	0.53	3.0%	0.53	2.4%	1.21	4.2%	1.16	1.5%
Sentinel Lights	180	1	RPP	0.60	2.8%	0.56	2.4%	0.96	3.5%	0.92	2.1%
Street Lighting	424,881	988	Non	6,660.59	44.7%	5,254.23	31.4%	5,673.58	27.4%	6,411.15	8.3%

3 **Table 3: Bill Impacts by Rate Class -WRZ**

Customer Class	kWh	kW	RPP? Non?	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	750		RPP	\$ 3.85	11.5%	\$ 5.80	15.2%	\$ 7.29	14.2%	\$ 7.00	5.5%
GS<50 kW	2,000		RPP	\$ 8.23	11.6%	\$ 13.63	16.6%	\$ 17.18	15.0%	\$ 16.50	5.2%
GS>50 kW	40,000	100	Non	\$ 80.72	12.2%	\$ 105.97	15.3%	\$ 173.82	13.4%	\$ 196.42	3.2%
USL	500		RPP	\$ 3.10	11.5%	\$ 4.50	15.2%	\$ 5.39	14.3%	\$ 5.17	5.9%
Sentinel Lights	150	1	Non	\$ 3.05	13.9%	\$ 4.19	18.4%	\$ 4.70	17.2%	\$ 4.52	10.8%
Street Lighting	283,400	736	Non	\$ 3,569.43	10.3%	\$ 2,829.88	8.2%	\$ 3,208.77	8.4%	\$ 3,625.91	4.5%

5 DATED at Whitby, Ontario, this 27th day of July, 2022

6 All of which is respectfully submitted,

7  
 8 Cynthia Chan  
 9 Chief Financial Officer  
 10 Elexicon Energy Inc.



1 **Manager's Summary**

2 **3.1.2 Components of the Application Filing**

3 On May 24, 2022, the OEB issued a letter to all electricity distributors outlining the filing  
4 requirements for incentive regulation distribution rate adjustments and provided an  
5 update to Chapter 3 of the Filing Requirements for Electricity Distribution Rate  
6 Applications (the "Filing Requirements").

7 Accordingly, Elexicon submits its 2023 Distribution Rate Application is consistent with the  
8 filing guidelines issued by the Board under the Price Cap IR rate setting option. WRZ was  
9 previously on the Annual IR Index but is moving to the Price Cap IR based on the  
10 December 1, 2021 letter from the OEB to Rate-regulated Electricity Distributors which  
11 stated: *"To provide a further incentive for distributors considering consolidation, the OEB*  
12 *will allow distributors that are on the Annual IR Index rate-setting plan and in a current*  
13 *deferral period arising out of a consolidation to move to the Price Cap IR plan effective*  
14 *with 2023 rates."*

15 Elexicon has outlined any additional elements that have been included in this application  
16 for the OEB's consideration.

17 The following details of Elexicon's rate application are noted below:

18 **Contact Information**

19 The primary contact for the application is

20 Cynthia Chan  
21 Chief Financial Officer  
22 Elexicon Energy Inc.  
23 289-356-3123  
24 [cchan@elexiconenergy.com](mailto:cchan@elexiconenergy.com)

25  
26  
27



1 John Vellone  
2 Legal Counsel  
3 Borden Ladner Gervais  
4 416-367-6730  
5 [jvellone@blg.com](mailto:jvellone@blg.com)  
6  
7

## 8 ***Models***

9 A completed Rate Generator Model and supplementary workforms will be submitted in  
10 Excel format.

## 11 ***2022 Current Tariff Sheet***

12 Appendix C contains the approved 2022 Tariff Sheet issued December 16, 2021 and  
13 updated January 13, 2022 (EB-2021-0015). The rates and charges within the tariff  
14 sheet provide the basis for the starting point from which the 2023 rates and charges are  
15 calculated using the Board's 2023 Rate Generator model.

16 Copies of the current and proposed tariff sheets and customer bill impacts are included  
17 in this Application (Appendices C, D and E respectively).

## 18 ***Supporting Documentation Cited within Application***

19 Elexicon has committed to citing the supporting documentation throughout the  
20 Application, as applicable.

## 21 ***Who is affected by the Application***

22 Elexicon distributes electricity to approximately 173,000 residential and commercial  
23 customers (including general service, unmetered scattered loads, sentinel light and street  
24 light customer classes) within its regulated service area of Ajax, Pickering, Whitby,  
25 Belleville, Brock, Uxbridge, Scugog, Clarington, Port Hope, Gravenhurst, Village of  
26 Brooklin, hamlets of Ashburn and Myrtle



1 **Internet Address**

2 Elexicon's application and related documents will be made available on the website:  
3 [www.elexiconenergy.com](http://www.elexiconenergy.com)

4 **Accuracy of the Billing Determinants**

5 Elexicon confirms the accuracy of the pre-populated data in the 2023 Rate Generator  
6 Model.

7 **2023 IRM Checklist**

8 The 2023 IRM Checklist has been included with this application as Appendix G.

9 **Certifications**

10 Certification by a senior officer has been included with this application as Appendix F.

11 **3.1.3 Application and Electronic Models**

12 **Rate Generator Model & Supplementary Workforms**

13 Elexicon has used the most recent versions of the following Board issued models:

- 14 • 2023 IRM Rate Generator Model
- 15 • GA Analysis Workform
- 16 • LRAMVA Workform
- 17 • Capital Module Applicable to ACM and ICM

18 **3.2 Elements of the Price Cap IR Plan**

19 **3.2.1 Annual Adjustment Mechanism**

20 The annual adjustment follows an OEB-approved formula that includes components for  
21 inflation and the OEB's expectations of efficiency and productivity gains (Price Cap  
22 adjustment). Elexicon has reviewed the Filing Requirements which indicate that the 2023



1 Rate Model will be populated with the 2022 rate-setting parameters as a placeholder until  
2 the inflation factor for 2023 is issued by the OEB.

### 3 **3.2.1.1 Application of the Annual Adjustment Mechanism**

4 The annual adjustment mechanism applies to distribution rates (fixed and variable  
5 charges) uniformly across customer rate classes. The annual adjustment mechanism will  
6 not be applied to other components of delivery rates.

### 7 **3.2.2 Revenue-to-Cost Ratio Adjustment**

8 There are no previous Board approved adjustments to Elexicon's revenue-to-cost ratios  
9 required within this application.

### 10 **3.2.3 Rate Design for Residential Electricity Customers**

11 Elexicon incorporated the final phase of the transition to a fully fixed monthly distribution  
12 service charge for VRZ in its 2020 rate application EB-2019-0252 and WRZ in its 2019  
13 rate application EB-2018-0079. As a result, there are no further transition adjustments in  
14 the 2023 rate application for rate design.

### 15 **3.2.4 Electricity Distribution Retail Transmission Service Rates**

16 The Board's last Revision to *Guideline G-2008-0001: Electricity Distribution Retail*  
17 *Transmission Service Rates (the "RTSR Guideline")* was issued on June 28, 2012. The  
18 RTSR Guideline requires distributors to adjust their proposed RTSRs based on a  
19 comparison of historical transmission costs adjusted for the new Ontario Uniform  
20 Transmission Rates ("UTR") and revenue generated under existing RTSRs. Board Staff  
21 has included RTSR worksheets within the 2023 Rate Generator Model and included the  
22 most current rates. The most recent RTSR Guideline indicates that once new UTRs or  
23 Hydro One Networks Inc ("Hydro One") sub-transmission rates are determined, Board  
24 Staff will adjust each distributor's IRM rate application to incorporate any change.



1 Elexicon has populated the model with the required historical data and requests that the  
2 Board update Elexicon’s 2023 rate application to incorporate approved 2023 UTRs and  
3 sub-transmission rates if they become available (or the most current draft data  
4 available/requested for 2023 should they not be approved at the time of the Decision).

5 **3.2.5 Review and Disposition of Group 1 Deferral and Variance Account Balances**

6 Elexicon has completed the continuity schedule in the 2023 Rate Generator Model related  
7 to Group 1 Deferral and Variance Accounts (“DVA”) and confirms the accuracy of the pre-  
8 populated billing determinants.

9 VRZ - The last disposition of Group 1 account balances for VRZ was in the 2022 IRM  
10 application (EB-2021-0015), which was based on 2020 balances and approved on an  
11 interim basis.

12 Adjustments to Deferral and Variance Accounts

13 During our preparation of the 2023 rate application, specifically the disposition of 1595  
14 (2019) Elexicon discovered an error.

15 In EB-2018-0072 the VRZ GA amount approved for disposition was as follows:

Proposed Amounts	Proposed Method for Recovery
\$1,244,587 recovered from customers who were Class B for the entire period from January 2017 to December 2017	per kWh rate rider
•\$220,827 from customers formerly in Class B during the period January 2017 to June 2017 who were reclassified to Class A	12 equal installments <sup>14</sup>

16

17 The \$220,827 was recovered from Class A/B transitioning customers. Upon review, it  
18 was discovered that the \$220,827 was incorrectly posted to a GA revenue account



1 rather than 1595(2019). In order to correct this, a principal adjustment of \$220,827  
2 between GA and 1595 (2019) in Tab 3 of the continuity schedule is required.

3 The 2019 GA account was approved for disposition on an interim basis in Elexicon's  
4 2022 Rate Application (EB-2021-0015). The 1595 (2019) is being requested for  
5 disposition in this 2023 Rate Application (EB-2022-0024).

6 The IRM Rate Generator Model's instructions are as follows:

**b) If the accounts were last approved on an interim basis, and**

**i) there are no changes to the previously approved interim balances, select the  
year of the year-end balances that were last approved for disposition on an interim  
basis.**

**ii) If there are changes to the previously approved interim balances, select the  
year of the year-end balances that were last approved for disposition on a final  
basis.**

7  
8 Based on this, Elexicon should be selecting ii). When doing this, Elexicon discovered  
9 two problems:

10 1) In the 2022 rate application a GA amount was apportioned to the 16  
11 transitioning customers. This amount has since been recovered from those  
12 customers. The IRM model is not set up to account for the amounts already  
13 recovered; and

14 2) Due to year-over-year variability in the GA amount for disposition, the results  
15 are very different when 4 years of transitioning information is populated in Tab 6.  
16 See Column I vs Column O in file "*EE\_VRZ\_2023 Rate Generator\_Compare i\_ii*"  
17 which has been submitted with the application.



1 Since the \$220,827 is below the GA materiality threshold<sup>1</sup>, Elexicon is selecting i) and  
2 putting a Principal adjustment of \$220,827 between GA and 1595 (2019) in Tab 3 of the  
3 continuity schedule for 2021 (column BF). See “*EE\_VRZ\_2023\_IRM-Rate-*  
4 *Generator\_Model\_i\_20220727*”. A version of the Rate Generator Model under scenario  
5 ii) has also been submitted with the application for demonstration purposes only (see  
6 “*EE\_VRZ\_2023\_IRM-Rat-Generator-Model\_ii\_Demonstration ONLY*”). A version of the  
7 GA Analysis Work form which includes 2019 has also been submitted with the  
8 application to demonstrate that the 2019 GA Analysis is still within the threshold limit  
9 (see “*EE\_VRZ\_2023\_GA\_Analysis\_Workform\_Demonstration ONLY*”).

10 Scenario i) will alleviate the concerns noted above. However, Elexicon acknowledges  
11 the following (both of which are noted in “*EE\_VRZ\_2023 Rate Generator\_Compare i\_ii*”)

- 12 • In the 2022 Rate Application, the 16 transitioning customers were undercharged  
13 by \$8,897 (columns O, P and Q); and
- 14 • In the 2023 Rate Application, the 10 transitioning customers will be under  
15 credited by \$5,914 (columns K, L and M)

16 While the amount is immaterial, Elexicon proposes that it will conduct a manual  
17 adjustment (outside the model) to refund the 10 transitioning customers the \$5,914 if  
18 the OEB so orders.

19 WRZ - The last disposition of Group 1 account balances for WRZ was in its 2021 IRM  
20 application (EB-2020-0012), which was based on 2019 balances and approved on a final  
21 basis. In keeping with the model instructions, the continuity starts with the balances as  
22 per the date for which approval was last received (ie. 2019 closing balances). No

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<sup>1</sup> As per the GA Analysis Workform, materiality is assessed on an annual basis based on a threshold of +/- 1% of the annual calculated IESO GA charges. For 2019 this would be \$796,100



1 adjustments have been made to any deferral and variance account balances previously  
2 approved by the OEB on an interim or final basis.

3 The account balances in Tab 3 of the Continuity Schedule of the Rate Generator Model  
4 differ from the account balances in the trial balance as reported through RRR. The  
5 variance in column BW is reconciled as follows:

6 **Table 4: RRR Reconciliation VRZ**

Account Descriptions	Account	Note 1		Note 2		Note 3		Column BW
		Unbilled to Actual billed revenue differences	CT142 True Up	GL correction	Misc Rounding	LRAMVA adjustment	Variance RRR vs. 2021 Balance (Principal + Interest)	
LV Variance Account	1550						0	
Smart Metering Entity Chg	1551				(2)		(2)	
RSVA - Wholesale Market Service Charge	1580						0	
Variance WMS – Sub-account CBR Class A	1580						0	
Variance WMS – Sub-account CBR Class B	1580						0	
RSVA - Retail Transmission Network Chg	1584				(1)		(1)	
RSVA - Retail Transmission Connection Chg	1586						0	
RSVA - Power	1588	1,126,252	(653,670)		0		472,582	
RSVA - Global Adjustment	1589	319,630		(220,827)			98,803	
Disposition and Recovery/Refund (2017)	1595				(1)		(1)	
Disposition and Recovery/Refund (2018)	1595						0	
Disposition and Recovery/Refund (2019)	1595			220,827			220,827	
Disposition and Recovery/Refund (2020)	1595						0	
Disposition and Recovery/Refund (2021)	1595						0	
<b>RSVA - Global Adjustment</b>	<b>1589</b>	319,630	0	(220,827)	0	0	98,803	
<b>Total Group 1 Balance excl 1589 - GA</b>		1,126,252	(653,670)	220,827	(4)	0	693,405	
<b>Total Group 1 Balance</b>		1,445,882	(653,670)	0	(4)	0	792,208	
<b>LRAM Variance Account</b>	<b>1568</b>	0	0	0	0	(846,608)	(846,608)	
<b>Total including Account 1568</b>		1,445,882	(653,670)	0	(4)	(846,608)	(54,400)	

Note 1: See GA Analysis Workform, Tab "Principal Adjustments"

Note 2: See Manager Summary explanation of 1595 (2019)

7 Note 3: See Appendix A, LRAMVA claim includes 2022 disposition request



1 **Table 5: RRR Reconciliation WRZ**

Account Descriptions	Account	Note 1		Note 2		Column BW	
		Unbilled to Actual billed revenue differences	CT 148 True Up	CT142 True Up	Misc Rounding	LRAMVA adjustment	Variance RRR vs. 2021 Balance (Principal + Interest)
LV Variance Account	1550					0	
Smart Metering Entity Chg	1551					0	
RSVA - Wholesale Market Service Charge	1580					0	
Variance WMS – Sub-account CBR Class A	1580					0	
Variance WMS – Sub-account CBR Class B	1580					0	
RSVA - Retail Transmission Network Chg	1584					0	
RSVA - Retail Transmission Connection Chg	1586					0	
RSVA - Power	1588	(221,035)	(74,761)	5,453	(1)	(290,344)	
RSVA - Global Adjustment	1589	(45,181)	74,761		3	29,583	
Disposition and Recovery/Refund (2018)	1595					0	
Disposition and Recovery/Refund (2019)	1595					0	
Disposition and Recovery/Refund (2020)	1595					0	
Disposition and Recovery/Refund (2021)	1595					0	
<b>RSVA - Global Adjustment</b>	<b>1589</b>	<b>(45,181)</b>	<b>74,761</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>29,583</b>
<b>Total Group 1 Balance excl 1589 - GA</b>		<b>(221,035)</b>	<b>(74,761)</b>	<b>5,453</b>	<b>(1)</b>	<b>0</b>	<b>(290,344)</b>
<b>Total Group 1 Balance</b>		<b>(266,216)</b>	<b>0</b>	<b>5,453</b>	<b>2</b>	<b>0</b>	<b>(260,761)</b>
<b>LRAM Variance Account</b>	<b>1568</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(247,612)</b>	<b>(247,612)</b>
<b>Total including Account 1568</b>		<b>(266,216)</b>	<b>0</b>	<b>5,453</b>	<b>(247,612)</b>		<b>(508,373)</b>

Note 1: See GA Analysis Workform, Tab "Principal Adjustments"

Note 2: See Appendix A, LRAMVA claim includes 2022 disposition request

2

3 VRZ & WRZ - the Group 1 Total Claim (2021 ending balances plus any identified

4 adjustments and projected interest) exceeds the threshold test. As a result, this

5 application includes a VRZ & WRZ Final disposition request for the Total Group 1 DVA

6 balance. The disposition period requested to clear the Group 1 account balances by

7 means of a rate rider is one year.



1    **3.2.5.1 Wholesale Market Participants**

2    Elexicon has followed the approach identified in the Filing Requirements to address  
3    wholesale market participants (“WMP”). Since WMP customers settle commodity and  
4    market-related charges with the IESO, Elexicon has not allocated any balances to these  
5    customers related to the Wholesale Market Service Charge, WMS Sub-Account CBR  
6    Class B, Power or Global Adjustment. The rate riders have been appropriately calculated  
7    for the remaining charges that the WMP settles with Elexicon.

8    **3.2.5.2 Class A and Class B Customers**

9    Elexicon settles GA and CBR costs with some Class A customers based on actual GA  
10   and CBR prices. Elexicon does not allocated GA and CBR variances to these  
11   customers for the period that the customer were designated Class A.

12   **3.2.5.3 Commodity Accounts 1588 and 1589**

13    Accounting Guidance

14   On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to*  
15   *Accounts 1588 Power and 1589 Global Adjustment* as well as the related accounting  
16   guidance (“accounting guidance”). The accounting guidance was effective January 1,  
17   2019 and was to be implemented by August 31, 2019.

18   The following table summarizes a status of Elexicon’s rate zones with respect to the  
19   accounting guidance and Group 1 Dispositions. Below is a summary of what has  
20   transpired in the most recent applications.

21

22



1 **Table 6: Summary of Accounting Guidance and Group 1 Dispositions**

	<i>VRZ</i>	<i>WRZ</i>
<b>Accounting Guidance</b> <ul style="list-style-type: none"> <li>• <i>Aligned Outcomes</i></li> <li>• <i>Aligned Timing of True-ups</i></li> </ul>	Yes  Yes	Yes  <b>No - timing differences are addressed through DVA Continuity (Principal Adjustments)</b>
<b>Group 1 Disposition Request</b>	Yes  <b>\$6,596,499</b>	Yes  <b>\$1,870,967</b>
<b>Last Approved Group 1 Disposition</b> <ul style="list-style-type: none"> <li>• <i>Rate Application</i></li> <li>• <i>Balances as of</i></li> <li>• <i>Final/Interim</i></li> </ul>	<b>2022 (EB-2021-0015)</b>  <b>2020</b>  <b>Interim</b>	<b>2021 (EB-2020-0012)</b>  <b>2019</b>  <b>Final</b>

2

3 **Veridian Rate Zone:**

4 2021 Electricity Distribution Rate (“EDR”) Application (EB-2020-0013)

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- For the VRZ, Elexicon stated 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 it is now completely aligned with the OEB Accounting Guidance for the VRZ.
  - Elexicon also considered the Accounting Guidance in the context of pre-2019 balances.
  - The OEB noted in its findings that account balances (2018 and 2019) appeared reasonable.

14 2022 EDR Application (EB-2021-0015)

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- 18
- VRZ filed a request to clear 2018, 2019 and 2020 Group 1 DVA balances on an interim basis
  - During the IR process, Elexicon identified an issue related to the levels of unaccounted for energy (“UFE”) used for VRZ settlement in 2020.



- 1       • The issue related to UFE required corrections to the 2020 settlement calculations  
2       and related accounting entries.
- 3       • In order to review and address the issue, Elexicon was able to re-run metering  
4       data used in the 2020 settlement process (January to December) and re-calculate  
5       settlement and the resulting accounting entries.
- 6       • Revised settlement information related to 2020 was included in the Group 1 DVA  
7       balances requested for interim disposition.
- 8       • All revisions (including true-ups) were included as principal adjustments in  
9       2020. This ensured that the balances reviewed for VRZ's Group 1 interim  
10      disposition request were as accurate and up-to-date as possible.
- 11      • Elexicon advised that the UFE issue occurred subsequent to a system modification  
12      that took effect in December 2019. The modification was designed to automate  
13      certain portions of the meter data extraction process used for settlement. This has  
14      since been updated to correct the identified issue.
- 15      • Elexicon committed to doing a final review of the Accounting Guidance prior to  
16      requesting a final disposition for VRZ's Group 1 balances.
- 17      • The issue identified which relates to the UFE did not materially impact the 2019  
18      principal adjustment amounts for Account 1588 and 1589.
- 19          ○ The original UFE for December 2019 was 1,173,186 compared to a revised  
20          amount of 786,038 (difference 387,148 kWh). The impact on the analysis  
21          is \$25,860 for Energy and \$11,460 for GA.
- 22      • Elexicon confirms that the 2018 principal adjustments are not affected by the UFE  
23      matter and its impact on the VRZ settlements and accounting.
- 24      • Elexicon did not believe there are any other errors or discrepancies that would  
25      result in a material impact to the ending Group 1 balances for VRZ.
- 26      • In its findings, the OEB approved the disposition on an interim basis.



1 2023 EDR Application (EB-2022-0024)

- 2 • Elexicon undertook a final review of the settlement and accounting for Accounts  
3 1588 and 1589 prior to requesting a final disposition of 2018-2021 balances.
- 4 • Elexicon has reviewed these balances in the context of the Accounting Guidance
- 5 • In addition to the items identified in the 2021 EDR Application (EB-2020-0013) and  
6 the UFE correction discussed above, Elexicon has made one further refinement.  
7 As of August 2021, Elexicon is now receiving revised SM Tiered & TOU reports  
8 from Elexicon’s Operational Data Store provider on the 10th business day. This  
9 allows for any missing data (due to communication issues/edits/estimates/etc.) at  
10 the time of initial preparation to be updated.
- 11 • Elexicon will continuously review other data extracts to ensure accuracy and  
12 completeness of data.
- 13 • Elexicon does not believe that there are material systemic issues that have not  
14 been identified.
- 15 • In order to support the review of the Account 1588 and 1589 balances, the GA  
16 Workform has been completed and the 2021 transactions have been reviewed  
17 for reasonability and comparability against the regulatory accounting guidance  
18 (see excel file “*EE\_VRZ\_2023\_Acctg Guidance\_2021 Analysis\_20220727*”  
19 accompanying this application).
- 20 • Final review of 2021 data show differences which are not material:



1 **Table 7: VRZ Difference between Accounting Guidance and DVA Continuity**  
 2 **Schedule<sup>2</sup>**

	Account 1588			Account 1589			1588 & 1589
	Transactions	Principal Adjustments	Total	Transactions	Principal Adjustments	Total	Total
Accounting Guidance 2021 Analysis			\$(662,414)			\$(1,570,444)	
DVA Continuity Schedule (sum of 2021 transactions and principal adjustments)	\$ (649,531)	\$ (42,608)	\$(692,139)	\$ (1,524,917)	\$ 57,963	\$(1,466,954)	
Difference			\$ 29,725			\$ (103,490)	\$ (73,765)

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- Differences in Table 7 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. Elexicon confirms that the row “Accounting Guidance 2021 Analysis” in Table 7 is not intended to reflect the balances in the DVA Continuity Schedule but is an analysis of the OEB accounting guidance for Accounts 1588 and 1589 and demonstrates alignment with the General Ledger.
- Elexicon is confident that there are no systemic issues with its RPP settlement and related accounting processes
- Elexicon requests final disposition of these amount previously approved on an interim balance AND the 2021 balances which meet the threshold

18 **Whitby Rate Zone:**

19 2020 EDR Application (EB-2019-0130)

20

21

- Elexicon conducted a fulsome review of its existing processes against the accounting guidance for both 2019 year-to-date and historical year (2018) for the

<sup>2</sup> Account 1589 Principal Adjustment amount of 57,963 does not include the 2019 GL correction of \$220,827



- 1 WRZ, with a specific objective to assess and compare the final outcome of  
2 WRZ's method with the OEB's guidance to determine whether there were any  
3 material differences.
- 4 • The Group 1 balances did not meet the threshold and as a result, WRZ did not  
5 request to dispose of balances in Accounts 1588 and 1589.
  - 6 • The OEB Decision dated December 12, 2019 stated the following regarding the  
7 Accounting Guidance:

8 *“The OEB finds that the account balances, are reasonable and confirms*  
9 *that the threshold calculation is correct. No disposition is required at this*  
10 *time, as the disposition threshold has not been exceeded and the utility*  
11 *did not request disposition.*

12 *OEB finds that the implementation of the February 21, 2019 accounting*  
13 *guidance is mandatory. However, given the special circumstances of*  
14 *integrating the operations of the two merged distributors' rate zones, OEB*  
15 *will approve an extension for the implementation of the accounting*  
16 *guidance to align with the implementation date of the new integrated CIS*  
17 *system.”*

18 2021 EDR Application (EB-2020-0012)

- 19 • In its application, Elexicon confirmed that the approach (with the modifications as  
20 outlined in its 2020 rate application) continued to be used for the WRZ. This  
21 approach ensured that the outcomes were fully aligned with the OEB's  
22 regulatory accounting guidance.
- 23 • Elexicon requested final disposition of Group 1 account balances for the WRZ  
24 including Accounts 1588 and 1589 for the year ended December 31, 2019 (plus  
25 projected interest) and received approval.



1           The OEB Decision dated December 10, 2020 stated the following  
2           regarding the Accounting Guidance: *“The OEB also approves the*  
3           *disposition of a credit balance of \$1,843,826 as of December 31, 2019,*  
4           *including interest projected to December 31, 2020 for Group 1 accounts*  
5           *on a final basis.”*

6   2022 EDR Application (EB-2021-0015)

- 7           • Elexicon confirmed that the approach (with the modifications as outlined in its  
8           2020 and 2021 rate applications) for the WRZ had been further augmented to  
9           improve alignment with several process elements of the accounting guidance.  
10          Specifically, the posting of transactions in the general ledger in 2020 were  
11          adjusted to flow in a manner consistent with the accounting guidance. Elexicon  
12          reconfirms that this change continues to ensure that the outcomes (balances in  
13          Account 1588/1589) are fully aligned with the OEB’s accounting guidance.
- 14          • The Group 1 balances are below the threshold and as a result, disposition is not  
15          requested in this application.
- 16          • Elexicon requested an extension with respect to the implementation of the  
17          OEB’s Accounting Guidance related to Accounts 1588 and 1589. Elexicon stated  
18          that the extension will support additional process changes delayed by the  
19          COVID-19 emergency and unexpected upgrades related to the recently merged  
20          CIS.
- 21          • Elexicon noted that additional planning is in place to support the continued  
22          transition to a consistent settlement process and tool for the WRZ which mirrors  
23          the VRZ. Elexicon further stated that while this transition will not have a material  
24          effect on the outcome of the settlement amounts, it will assist to align to the  
25          timing expectations for settlement and true-ups as outlined in the OEB’s



1 regulatory accounting guidance. Elexicon also noted that it will also provide for  
2 greater consistency between both of the rate zones' processes.

3 • As part of transition planning, Elexicon identified the importance of stabilizing a  
4 number of key elements prior to the transition. The transition is planned in 2022  
5 with an expectation of completion by the end of June. Elexicon requested the OEB  
6 approve an extension until June 2022.

7 • Elexicon Energy confirmed that the granting of an extension request regarding the  
8 implementation of the OEB's Accounting Guidance for Accounts 1588 and 1589  
9 for the WRZ would not have a material impact on the WRZ's Group 1 DVA  
10 balances (2020 and forward). Elexicon confirms that it does not expect any further  
11 adjustments to any of the DVAs for the WRZ upon implementation of the new  
12 integrated CIS system.

13 • In its December 16, 2021 decision the OEB stated:

14 *"The OEB finds that the account balances for the Whitby RZ are*  
15 *reasonable, and the threshold calculation is correct. No disposition is*  
16 *required at this time, as the disposition threshold has not been exceeded*  
17 *and the distributor did not request disposition.*

18 *The OEB also approves Elexicon Energy's extension request regarding*  
19 *implementation of the OEB's Accounting Guidance, for the Whitby RZ, to*  
20 *June 2022 to enable process improvements and CIS upgrades."*

21 • In June 2022, Elexicon requested an extension regarding the implementation of  
22 the OEB's Accounting Guidance in the WRZ to December 31, 2022, due to a high  
23 turnover in its finance, regulatory and settlement groups, following the closing of  
24 the record in the 2022 EDR Application proceeding.

25



- 1 2023 EDR Application (EB-2022-0024)
- 2 • In order to support the review of the Account 1588 and 1589 balances, the GA  
3 Workform has been completed and the 2021 transactions have been reviewed  
4 for reasonability and comparability against the regulatory accounting guidance  
5 (see excel file “EE\_WRZ\_2023\_Acctg Guidance\_2021 Analysis\_20220727”  
6 accompanying this application). Elexicon is also re-submitting the review of the  
7 2020 transactions (see “EE\_WRZ\_2023 Acctg Guidance\_2020  
8 Analysis\_20220727”). This file was included in last year’s application and is  
9 being included again to complete the record.
- 10 • Final review of 2021 data show differences that are not material

11 **Table 8: WRZ Difference between Accounting Guidance and DVA Continuity**  
12 **Schedule**

2021	Account 1588			Account 1589			1588 & 1589
	Transactions	Principal Adjustments	Total	Transactions	Principal Adjustments	Total	Total
	Accounting Guidance 2021 Analysis			\$(146,605)			\$(532,512)
DVA Continuity Schedule (sum of 2021 transactions and principal adjustments)	\$ (856,064)	\$ 779,752	\$(76,312)	\$ (407,288)	\$ (149,908)	\$(557,196)	
Difference			\$(70,293)			\$ 24,684	\$(45,609)

2020	Account 1588			Account 1589			1588 & 1589
	Transactions	Principal Adjustments	Total	Transactions	Principal Adjustments	Total	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	\$(27,953)

- 13
- 14 • Differences in Table 8 are immaterial. Small differences may be explained by  
15 transactions (such as billing adjustments) or differences due to methodology (i.e.  
16 proration of consumption in the billing system). The regulatory accounting



1 guidance analysis has been consolidated and reviewed on an annualized basis.  
2 The review demonstrates that these types of differences are not considered  
3 material enough to review at a more detailed level. Elexicon confirms that the row  
4 “Accounting Guidance 2021 Analysis” in Table 8 is not intended to reflect the  
5 balances in the DVA Continuity Schedule but is an analysis of the OEB accounting  
6 guidance for Accounts 1588 and 1589 and demonstrates alignment with the  
7 General Ledger.

- 8 • Elexicon requests final disposition of the 2021 balances that meet the threshold

9 WRZ Extension request regarding implementation of the 1588/1589 Accounting  
10 Guidance

11 Elexicon confirms that the limited extension previously requested regarding  
12 implementation of the 1588/1589 Accounting Guidance for the WRZ will not impact  
13 customers, nor the outcome of account balances reviewed for disposition. As such, it is  
14 strictly a process-driven change mandated by the OEB Decision (EB-2019-0130)  
15 resulting in a standardized process with some accelerated timing.

16 The transition was challenged by:

- 17 • Loss of four involved staff members, two of which were key resources with  
18 unique subject matter expertise.
- 19 • Resource replacement challenges.
- 20 • The delay in the completion of a major CIS upgrades (from late 2021 to early 2022)
- 21 • COVID-19 effects that continued to produce challenges including the flat rate  
22 RPP pricing from Jan 18 2022 to Feb 8 2022 which challenged both the billing  
23 department and the settlement group



1 Elexicon has work plans to complete this by the end of 2022 in order to allow for  
2 implementation of the new process beginning of January 1, 2023. It is confident that it  
3 can meet this revised timeline.

4 While the additional modifications to support the new process have been reviewed,  
5 these changes will require the dedication of key resources in multiple departments  
6 (Metering, Wholesale Settlements, Billing and Regulatory) to complete. This is required  
7 to ensure a clean cut-over between metering and billing data flowing through using the  
8 old and new processes. Such a transition is better conducted at a year-end, rather than  
9 mid-year, as the finalization of true-ups under the old process must be completed and  
10 new processes established, in order to support the updated processes going forward.

11 Elexicon has taken a number of steps to facilitate the changes required to more fully  
12 align the process required by the OEB's regulatory accounting guidance. These  
13 include:

- 14 • Modifications to the CIS system setup related to billing transactions, in order  
15 to align with regulatory accounting guidance. This included mapping of  
16 accounts, testing, as well as significant process changes for regulatory  
17 finance. *Status: Completed in 2020.*
- 18 • Review of 2020 true-ups under the modified CIS setup to align with regulatory  
19 accounting guidance outcomes.  
20 *Status: Completed in 2021.*
- 21 • Setup of Whitby RZ metering information integration into the Elexicon in-  
22 house retail settlement database and tools
  - 23 ○ Wholesale meters and GS 50-200kW accounts  
24 *Status: Completed in 2020.*



- 1                   ○ GS 200-4,999 kW accounts.  
2                    *Status: Completed October 2021.*
  
- 3                   • CIS Integration. *Status: Completed February 2021.*
  
- 4                   • Two new major upgrades to the CIS that must be completed in 2021  
5                    *Status: Completed January 2022.*
  
- 6                   • Whitby RZ queries created in Settlement systems  
7                    *Status: Completed January 2022*
  
- 8                   • Whitby settlement/metering data brought in-house  
9                    *Status: Completed March 2022.*
  
- 10                  • Whitby RZ compilation template created.  
11                  *Status: Completed March 2022.*
  
- 12                  • Whitby RZ query listings created in CIS  
13                  *Status: Completed March 2022.*
  
- 14                  Additional work is planned to support the continued transition to a consistent settlement  
15                  process and tool for WRZ that mirrors the VRZ. While this transition will not have a  
16                  material effect on the outcome of the settlement amounts, it will assist with aligning the  
17                  timing expectations for settlement and true-ups as outlined in the OEB's regulatory  
18                  accounting guidance. It will also provide for greater consistency between both of the  
19                  rate zones' processes.
  
- 20                  Planned for the balance of 2022:
- 21                  • Create WRZ CIS extract listings. *Status: Scheduled completion August 2022*



- 1 • Acceptance testing of new WRZ compilation template/method.

2 *Status: WIP August, September & October 2022*

3 Elexicon has made considerable progress and is close to completing the transition.  
 4 Elexicon has been diligent in its efforts and believes that the additional amount of time  
 5 would ensure the transition is done correctly and presents no harm to rate payers.

6 Similar to prior years, in the 2024 EDR Application, Elexicon will review the 2022  
 7 transactions for reasonability and comparability against the regulatory accounting  
 8 guidance.

9 GA Analysis Workform

10 As stated in the Filing Requirements all distributors are required to complete and submit  
 11 the GA Analysis Workform for each year that has not previously been approved by the  
 12 OEB for disposition. As such, Elexicon has completed the GA Analysis Workform in  
 13 order to assist in assessing the reasonability of balances in accounts 1589 and 1588.

14 The analysis tab provides a reconciliation which demonstrates that any unresolved  
 15 differences are extremely small and well within a range of reasonability (+/- 1%). The  
 16 summary from the Information Sheet of the GA Workform is below:

17 **Table 9: GA Analysis Workform – VRZ**

**Account 1589 Reconciliation Summary**

Year	Annual Net Change in Expected GA Balance from GA Analysis	Net Change in Principal Balance in the GL	Reconciling Items	Adjusted Net Change in Principal Balance in the GL	Unresolved Difference	\$ Consumption at Actual Rate Paid	Unresolved Difference as % of Expected GA Payments to
2021	\$ (1,726,395)	\$(1,524,917)	\$ 57,963	\$(1,466,954)	\$ 259,441	\$ 52,775,164	0.5%

**Account 1588 Reconciliation Summary**

Year	Account 1588 as a % of Account 4705
2021	-0.4%

18



1 The reconciliation amounts in Note 5 are consistent with the principal adjustments in Tab  
2 3 of the 2023 Rate Generator Model columns BF (2021). The applicable explanation  
3 sections of the workform have been completed.

4 **Table 10: GA Analysis Workform – WRZ**

**Account 1589 Reconciliation Summary**

Year	Annual Net Change in Expected GA Balance from GA Analysis	Net Change in Principal Balance in the GL	Reconciling Items	Adjusted Net Change in Principal Balance in the GL	Unresolved Difference	\$ Consumption at Actual Rate Paid	Unresolved Difference as % of Expected GA Payments to
2020	\$ (60,949)	\$ (306,810)	\$ 295,246	\$ (11,564)	\$ 49,386	\$ 25,317,011	0.2%
2021	\$ (606,019)	\$ (407,288)	\$ (149,908)	\$ (557,196)	\$ 48,823	\$ 18,281,634	0.3%
<b>Cumulative Balance</b>	<b>\$ (666,968)</b>	<b>\$ (714,098)</b>	<b>\$ 145,338</b>	<b>\$ (568,760)</b>	<b>\$ 98,209</b>	<b>\$ 43,598,644</b>	<b>N/A</b>

**Account 1588 Reconciliation Summary**

Year	Account 1588 as a % of Account 4705
2020	-0.3%
2021	-0.1%
<b>Cumulative Balance</b>	<b>-0.2%</b>

5  
6 The reconciliation amounts in Note 5 are consistent with the principal adjustments in Tab  
7 3 of the 2023 Rate Generator Model column AV (2020) and column BF (2021). The  
8 applicable explanation sections of the workform have been completed.

9 Account 1589 Balance Allocation and Disposition

10 Ellexicon’s 2023 Rate Generator model has established a separate rate rider that would  
11 apply prospectively to non-RPP Class B customers. The billing determinant and all the  
12 rate riders for the GA are calculated on an energy basis (kWh) regardless of the billing  
13 determinant used for distribution rates for a particular class.

14 The Rate Generator model has allocated the portion of Account 1589 GA to customers  
15 that transitioned between Class A and Class B based on customer specific consumption



1 levels. All transition customers will only be responsible for the customer specific amount  
2 allocated to them. They will not be charged the general GA rate rider. Customers will be  
3 charged in a consistent manner for the entire rate rider period until the sunset date.

#### 4 **3.2.5.4 Capacity Based Recovery (“CBR”)**

5 Elexicon has followed the approach identified in the Filing Requirements to address the  
6 disposition of CBR variances. A separate rate rider has been calculated in Tab  
7 6.2.CBR B in the Rate Generator model to dispose the balance over the default period  
8 of one year. The Rate Generator model allocated the portion of Account 1580, Sub-  
9 account CBR Class B to customers who transitioned between Class A and Class B  
10 based on customer specific consumption levels. All transition customers will only be  
11 responsible for the customer specific amount allocated to them. They will not be  
12 refunded the general CBR Class B rider. Customers will be charged in a consistent  
13 manner for the entire rate rider period until the sunset date.

#### 14 **3.2.5.5 Disposition of Account 1595**

15 Elexicon is requesting disposition of 1595 (2019) for the VRZ. Elexicon is requesting  
16 disposition of 1595 (2018) and 1595 (2019) for the WRZ. Elexicon confirms that the  
17 disposition of residual balances for vintage Account 1595 have only been done once.

18 As noted in 3.2.5 above, there is a residual balance in VRZ 1595 (2019) outside the  
19 normal forecasted vs. actual billing determinants that Elexicon is proposing to correct in  
20 this application

#### 21 **3.2.6 LRAM Variance Account (“LRAMVA”)**

22 Elexicon is applying for partial disposition of Account 1568 – LRAMVA to recover lost  
23 revenues in the amount of \$3,787,229. The claim for VRZ which includes results from  
24 2020-2022 CDM programs and the persistence of 2012-2019 programs in 2020-2022 is



1 \$2,637,190. This includes carrying charges on the principal LRAMVA balance  
 2 accumulated to December 2022 of \$44,275. The claim for WRZ which includes results  
 3 from 2020-2022 CDM programs and the persistence of 2011- 2019 programs in 2020-  
 4 2022 is \$1,150,039. This includes carrying charges on the principal LRAMVA balance  
 5 accumulated to December 31, 2022 of \$19,098.

6 Elexicon has already submitted claims for lost revenues from CDM programs and  
 7 persistence through 2019 for both VRZ and WRZ in its 2022 EDR Application (EB-2021-  
 8 0015).

9 A summary of the LRAMVA disposition request by customer class including projected  
 10 carrying charges is as follows:

11 **Table 11: LRAMVA Disposition – VRZ**

Customer Class	2020-2022 LRAMVA		
	Principal	Carrying Charges	Total
Residential	-	-	-
GS<50 kW	579,034	9,973	589,008
GS 50 to 2,999 kW	1,287,034	21,846	1,308,880
GS 3,000 to 4,999 kW	56,457	961	57,417
Large Use	412,665	7,132	419,797
Unmetered Scattered Load	204	3	208
Street Lighting	257,521	4,360	261,881
<b>Total</b>	<b>\$ 2,592,915</b>	<b>\$ 44,275</b>	<b>\$ 2,637,190</b>

12  
13

14 **Table 12: LRAMVA Disposition – WRZ**

Customer Class	2020-2022 LRAMVA		
	Principal	Carrying Charges	Total
Residential	-	-	-
GS<50 kW	160,740	2,749	163,490
GS>50 kW	726,774	12,205	738,979
Street Lighting	243,427	4,143	247,570
<b>Total</b>	<b>\$ 1,130,941</b>	<b>\$ 19,098</b>	<b>\$ 1,150,039</b>

15  
16



1 The LRAMVA is intended to capture the variance between the level of CDM program  
2 activities included in the LDC's Board-approved load forecast and the results of actual,  
3 verified impacts of CDM activities undertaken by the LDC. In Veridian's last cost of  
4 service rate application (EB-2013-0174), the approved load forecast was established for  
5 a 2014 single forward test year. It included the impacts of CDM in 2012 and prior years.  
6 There was no CDM adjustment in the approved load forecast in Whitby Hydro's last cost  
7 of service application (EB-2009-0274)

8 Elexicon retained IndEco Strategic Consulting Inc. ("IndEco") to develop its LRAMVA  
9 claim including both rate zones. Their full report is available in Appendix A. IndEco  
10 used the most recent input assumptions available at the time of the program evaluation,  
11 including IESO Final Verified CDM savings report for 2011-14, IESO Final Verified CDM  
12 savings report for 2015-2017, and April 2019 IESO Participation and Cost Report for  
13 both rate zones; all of which have been filed in support of previous LRAMVA  
14 applications.

15 Elexicon proposes to recover the LRAMVA amount of \$3,787,229 of which \$2,637,190  
16 is to be recovered from VRZ customers and \$1,150,039 is to be recovered from WRZ  
17 customers, through class-specific volumetric rate riders that would be in effect for a  
18 period of 1 year (January 1, 2023 to December 31, 2023) for VRZ and 3 years (January  
19 1, 2023 to December 31, 2025) for WRZ. The class-specific rate riders were determined  
20 by totaling the class-specific LRAMVA amount by program and dividing by the amount  
21 of volume or demand billed in 2021.

22 In addition, Elexicon is applying for approval of 2023 to 2028 LRAM-eligible amounts  
23 shown in the table below. Approval of these amounts would mean that they are  
24 accepted as final, and subject only to the annual mechanistic adjustment to be  
25 completed in later years. This treatment is consistent with the December 20, 2021



1 *Conservation and Demand Management Guidelines for Electricity Distributors* (the  
 2 “Guidelines”).

3 **Table 13: 2023-2028 LRAM-Eligible Amounts – VRZ**

Customer Class	2023	2024	2025	2026	2027	2028
Residential	-	-	-	-	-	-
GS<50 kW	157,356	132,054	106,834	75,579	49,473	26,987
GS 50 to 2,999 kW	412,442	362,236	330,030	313,415	288,588	256,711
GS 3,000 to 4,999 kW	18,484	18,323	18,002	17,876	16,956	15,057
Large Use	124,821	114,220	105,914	102,641	88,887	74,751
Unmetered Scattered Load	70	67	60	59	44	22
Street Lighting	88,475	88,475	88,475	86,100	84,912	84,912
<b>Total</b>	<b>\$ 801,649</b>	<b>\$ 715,376</b>	<b>\$ 649,316</b>	<b>\$ 595,670</b>	<b>\$ 528,860</b>	<b>\$ 458,440</b>

5 **Table 14: 2023-2028 LRAM-Eligible Amounts – WRZ**

Customer Class	2023	2024	2025	2026	2027	2028
Residential	-	-	-	-	-	-
GS<50 kW	51,356	48,011	34,248	28,830	23,846	21,066
GS>50 kW	238,487	219,913	205,307	196,540	186,337	172,914
Street Lighting	82,714	82,714	82,714	82,714	76,202	43,100
<b>Total</b>	<b>\$ 372,558</b>	<b>\$ 350,638</b>	<b>\$ 322,269</b>	<b>\$ 308,084</b>	<b>\$ 286,385</b>	<b>\$ 237,081</b>

7 **Methodology for Calculating LRAMVA**

8 The Guidelines provide the basis and methodology required to file an application for  
 9 LRAMVA disposition.

10 Between 2011 and 2020, Elexicon administered only IESO-Contracted Province-Wide  
 11 CDM programs and did not have any Board-Approved programs.

12 The 2011-2014 IESO Final Savings Report, 2015-2017 IESO Final Savings Report and  
 13 April 2019 IESO Participation and Cost Report (“P&C Report”) are the sources of the  
 14 CDM savings used to calculate LRAMVA amounts related to IESO programs. Some  
 15 projects in 2018 and 2019 were completed subsequent to the P&C Report. Gross  
 16 savings for these were captured in the Elexicon CDM database. These were converted



1 to net values using the most recent verified net-to-gross (“NTG”) and Realization Rate  
2 (“RR”) factors for Elexicon which are included in the 2017 final results reports.

3 The lost revenue amounts to be recovered have been adjusted for free riders as defined  
4 in the Guidelines. Lost revenues are based on net kWh or kW after deducting for free  
5 riders. The amount of free riders varies depending on the CDM program.

### 6 **LRAMVA Calculation**

7 The LRAMVA amount was calculated by deducting the LRAMVA threshold from the net  
8 energy savings (kW or kWh) for each program, and then multiplying by the Board  
9 approved volumetric distribution charge for the applicable rate class, on a year-by-year  
10 basis.

11 In accordance with the Filing Requirements, Elexicon has included the OEB LRAMVA  
12 Workform with the Application.

### 13 CDM Adjustment to Load Forecast - VRZ

14 In the OEB’s April 10<sup>th</sup>, 2014 Decision and Order on Veridian’s 2014 EDR application  
15 (EB-2013-0174), the Board approved Veridian’s Settlement Proposal, which included  
16 the CDM adjustment to Veridian’s test year load forecast.

17 The table below provides the CDM adjustment to the load forecast by rate class in VRZ.

18 Note there are no demand savings built in to the load forecast for street lights.



1 **Table 15: CDM Load Forecast Adjustment - VRZ**

Rate Class	CDM Load Forecast Adjustment	
	kWh	kW
Residential	6,117,617	
Residential - Seasonal	94,223	
GS<50	5,350,400	
GS>50	19,546,777	19,267
Intermediate	62,993	54
Large Use	461,286	450
Street Lights	-	
Sentinel Lights	-	
USL	-	
<b>Total</b>	<b>31,633,297</b>	<b>19,771</b>

2  
 3 From these values and the Chapter 2 Appendix I filed with the Cost of Service, IndEco  
 4 was able to calculate the LRAMVA Threshold that considers the above manual  
 5 adjustment, 2012 partial results captured through the regression analysis, and an  
 6 adjustment to 2014 estimated results to make them comparable to IESO reports that  
 7 are based on first-year savings, not calendar year savings. The table below shows the  
 8 LRAMVA threshold (based on estimated results in 2012-2014). The difference between  
 9 the amounts stated below and the actual verified final program results form the basis of  
 10 the LRAMVA amount available for recovery from customers:

11 **Table 16: LRAMVA Threshold-VRZ**

Rate Class	LRAMVA Threshold	
	kWh	kW
Residential	8,597,676	
Residential - Seasonal	132,421	
GS<50	7,519,432	
GS>50	27,470,967	27,078
Intermediate	88,530	6
Large Use	648,290	632
Street Lights	-	
Sentinel Lights	-	
USL	-	
<b>Total</b>	<b>44,457,315</b>	<b>27,716</b>

12  
 13  
 14



1 CDM Adjustment to Load Forecast - WRZ

2 WRZ prepared its last cost of service application for rates effective January 1<sup>st</sup>, 2011.  
3 This was prior to the issuance of the CDM Guidelines that were issued April 26<sup>th</sup>, 2012  
4 and the introduction of LRAMVA (for which the CDM Code applied to the four-year period  
5 from January 1, 2011 to December 31, 2014). Prior to the LRAMVA, there was no specific  
6 requirement to address a CDM adjustment in the load forecast. As a result, WRZ's  
7 Settlement Agreement, upon which the 2011 rates were based, was not determinative on  
8 the point of whether CDM was or was not included in the accepted load forecast for 2011.  
9 In order to provide clarity and regulatory certainty, in its 2012 and 2013 EDR applications,  
10 Whitby Hydro requested that the Board consider providing a decision on the matter of  
11 whether its load forecast for 2011 included a CDM adjustment and if an adjustment did  
12 exist, the value or process to determine the value by customer class. Whitby Hydro took  
13 the position that its load forecast did not include a CDM adjustment. With regards to the  
14 matter of CDM impacts on its 2011 load forecast, in its 2013 EDR Decision (EB-2012-  
15 0177), the OEB stated:

16 *"The Board finds that the 2011 forecast did not include CDM impacts related to*  
17 *Whitby's 2011-2014 CDM programs and therefore, Whitby Hydro is eligible to*  
18 *apply for a disposition of a LRAM Variance account for 2011."*

19 The 2013 EDR application decision provided certainty on this issue in the absence of  
20 being specifically addressed in the last cost of service application and settlement  
21 agreement. On this basis, the full amount of the LRAM associated with the 2011-2022  
22 IESO CDM program impacts on 2020-2022 has been included in the disposition request.  
23 Therefore, Tab 2 has been left blank in the WRZ LRAMVA Workform.

24

25



1 Street Lighting

2 Several municipalities in Elexicon's service area have completed LED streetlight  
3 retrofits with IESO funding based on SaveOnEnergy Retrofit incentives. The energy  
4 savings associated with these projects are included in Elexicon's results. However,  
5 streetlights are not used during peak periods and are unmetered. Consequently, the  
6 IESO report is not appropriate for estimated lost revenue for this rate class. Instead, the  
7 kW reductions have been calculated based on the number and types of fixtures  
8 changed.

9 Prior to calculating the lost revenues for its streetlight accounts, Elexicon removed the  
10 associated net kW and kWh savings assigned by the IESO to Elexicon's street lighting  
11 retrofit projects from the total retrofit savings.

12 **Carrying Charges**

13 In accordance with Section 13.3 of the 2012 Guidelines, Elexicon is seeking recovery of  
14 carrying charges up to December 31<sup>st</sup>, 2022 in the amount of \$63,373 for VRZ  
15 (\$44,275) and WRZ (\$19,098).

16 Elexicon used the Board's prescribed interest rates through Q3-2022. Elexicon assumes  
17 that the Board's prescribed rate for Q4-2022 to be the same as Q3-2021. Elexicon will  
18 update Elexicon's 2023 rate application to incorporate updated Q4-2022 prescribed rates  
19 if they become available.

20 **Rate Rider Calculation**

21 Elexicon proposes to recover the LRAMVA amounts, including associated carrying  
22 costs, through class-specific volumetric rate riders. These rate riders were determined  
23 by dividing the class- specific LRAMVA amount by the total billed kWh or kW for each  
24 rate class in 2021



1 Elexicon proposes a one year recovery from January 1, 2023 to December 31, 2023 for  
 2 VRZ. The proposed rate riders are shown in the table, below.

3 **Table 17: LRAMVA Rate Riders – VRZ**

LRAMVA Rate Riders

1 year

Customer Class	Annual Recovery	Volume	Rate Rider	per
Residential	0	1,029,321,566	\$ -	kWh
GS<50 kW	589,008	278,876,540	\$ 0.0021	kWh
GS 50-2,999 kW	1,308,880	2,251,119	\$ 0.5814	kW
GS 3,000-4,999 kW	57,417	233,934	\$ 0.2454	kW
Large User	419,797	481,567	\$ 0.8717	kW
USL	208	4,578,173	\$ -	kWh
Streetlighting	261,881	31,140	\$ 8.4098	kW
	<b>2,637,191</b>			

4  
 5 For rate mitigation, Elexicon proposes a three year recovery from January 1, 2023 to  
 6 December 31, 2025 for WRZ. The proposed rate riders are shown in the table below.

7 **Table 18: LRAMVA Rate Riders-WRZ**

LRAMVA Rate Riders

3 year

Customer Class	Annual Recovery	Volume	Rate Rider	per
GS<50 kW	163,490	83,266,323	\$ 0.0007	kWh
GS 50-4,999 kW	738,979	915,640	\$ 0.2690	kW
Streetlighting	247,570	9,363	\$ 8.8138	kW
	<b>1,150,039</b>			

8  
 9 **3.2.7 Tax Changes**

10 Shared Tax Savings

11 As stated in the Filing Requirements (Section 3.2.7), OEB policy, as described in the  
 12 OEB’s 2008 report entitled *Supplemental Report of the Board on 3rd Generation*  
 13 *Incentive Regulation for Ontario’s Electricity Distributors (the “Supplemental Report”)*,



1 prescribes a 50/50 sharing of the impacts of legislated tax changes from distributors' tax  
2 rates embedded in its OEB approved base rate known at the time of application.  
3 Elexicon has completed the appropriate sheets in the 2023 Rate Generator Model.

4 VRZ - The impact of legislated tax changes results in a \$2,849 Shared Tax Savings  
5 adjustment charge to customers. As stated in section 3.2.7 of the Filing Requirements,  
6 "A rate rider to four decimal places must be generated for all applicable customer  
7 classes in order to dispose of the amounts. If one or more customer classes do not  
8 generate a rate rider to the fourth decimal place, the entire 50/50 sharing amount will be  
9 transferred to Account 1595 for disposition at a future date." Since none of the  
10 customer classes generated a rate rider, Elexicon is proposing to transfer the balance to  
11 1595 for future disposition. This approach is consistent with Elexicon's  
12 recommendations and the Board's approvals in previous rate applications.

13 WRZ – Elexicon is requesting disposition of the calculated shared tax savings as  
14 calculated in the 2023 IRM Rate Generator Model for the WRZ.

#### 15 Bill C-97 CCA Rule Change

16 As per the OEB's July 25, 2019 letter, Elexicon has recorded the impacts of CCA rule  
17 changes in Account 1592 - PILs and Tax Variances – CCA Changes effective  
18 November 21, 2018. Elexicon will bring forward the amounts tracked in this account for  
19 review and disposition in a future rate application.

#### 20 **3.2.8 Z-factor Claims**

21 Elexicon has not included a Z-Factor claim in this application. A Z-factor claim will be  
22 filed later in 2022 for the May 21<sup>st</sup> storm that affected many regions in Ontario.



1    **3.2.9 Off-ramps**

2    Elexicon does not have an OEB approved return on equity (“ROE”). However, a weighted  
3    average has been used to derive an OEB-approved ROE proxy of 9.43%. Elexicon’s  
4    2021 ROE of 6.87% is not in excess of the dead band of +/- 300 basis points from the  
5    OEB-approved ROE proxy.

6    **3.3 Elements Specific only to the Price Cap IR Plan**

7    **3.3.1 Advanced Capital Module**

8    Elexicon has not requested rate relief through an ACM in this application.

9    **3.3.2 Incremental Capital Module (“ICM”)**

10   Elexicon is applying to secure incremental capital funding for a pair of ICM projects and  
11   seeks the following relief:

- 12       1. ICM funding of \$36,739,433 for the Whitby Smart Grid Project (“WSG Project”),  
13       including a proportionate share of Advanced Distribution Management System  
14       (“ADMS”) and SCADA costs, in the WRZ;
- 15       2. ICM funding of \$6,431,567 for a proportionate share of the ADMS and SCADA  
16       costs of the WSG Project, in the Veridian Rate Zone (“VRZ”); and
- 17       3. ICM funding of \$26,657,000 for the Sustainable Brooklin Project in the Whitby  
18       Rate Zone (“WRZ”) and an exemption for the Brooklin Line (as more fully  
19       described in Appendix B) from Section 3.2 of the Distribution System Code  
20       (“DSC”) (the “DSC Exemption”). For clarity, approvals for the Sustainable  
21       Brooklin Project and DSC Exemption request are inextricably linked and one  
22       should not be approved without the other.



1 The WSG Project involves the deployment of a combination of well understood and  
2 proven smart grid technologies across Elexicon’s distribution system in the WRZ and  
3 VRZ. The Sustainable Brooklin Project involves Elexicon providing capacity to a group  
4 of residential developers represented by the Brooklin Landowners Group Inc. (the  
5 “Developers”), who will in turn construct new homes in Brooklin, ON with DER enabling  
6 features such as rough-ins for solar panels, battery storage and EVs.

7 Elexicon submits that both the WSG Project and the Sustainable Brooklin Project meet  
8 the OEB’s well-established eligibility criteria of materiality, need and prudence as  
9 outlined in the ACM Report. Please see Appendix B.

### 10 **3.3.3 Treatment of Costs for ‘eligible investments’**

11 When Veridian rebased in 2014 (EB-2013-0174), the OEB approved provincial rate  
12 protection payments under O.Reg 330/09 for two Renewable Enabling Improvement  
13 Projects and a Renewable Expansion Project for the period of 2014 to 2018.

14 In Elexicon’s 2021 EDR Application decision (EB-2020-0013), the OEB approved the  
15 funding for the Micro-Grid and the Index Energy Projects as well as their proposed  
16 funding schedule up to 2028. The OEB accepted the withdrawal of the request for the  
17 funding of the Communications Platform project until more up-to-date information is  
18 provided to the OEB. No further evidence is being provided in this application.

19

### 20 **3.4 Specific Exclusions from Applications**

21 Elexicon has not included any specific issues identified for exclusion from an IRM  
22 Application.

### 23 **Bill Impacts**

24 A summary of the Bill Impacts are as follows:



1 **Table 19: Bill Impacts by Rate Class - VRZ**

Customer Class	kWh	kW	RPP? Non?	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	750		RPP	0.78	2.6%	0.85	2.3%	2.03	4.2%	1.95	1.6%
Seasonal	645		RPP	1.56	2.8%	1.62	2.6%	2.71	3.8%	2.60	1.9%
GS<50 kW	2,000		RPP	4.95	8.3%	4.95	6.4%	7.68	7.4%	7.37	2.4%
GS 50 to 2,999 kW	432,160	1,480	Non	804.80	13.3%	- 689.26	-7.6%	267.12	1.5%	301.84	0.4%
GS 3,000 to 4,999 kW	1,752,000	4,000	Non	1,127.53	6.8%	- 4,410.47	-17.0%	- 1,564.07	-3.0%	- 1,767.40	-0.7%
Large User	4,219,400	6,800	Non	5,395.71	15.5%	4,317.91	8.5%	9,156.79	9.5%	10,347.17	1.7%
USL	500		RPP	0.53	3.0%	0.53	2.4%	1.21	4.2%	1.16	1.5%
Sentinel Lights	180	1	RPP	0.60	2.8%	0.56	2.4%	0.96	3.5%	0.92	2.1%
Street Lighting	424,881	988	Non	6,660.59	44.7%	5,254.23	31.4%	5,673.58	27.4%	6,411.15	8.3%

2 Total bill impacts proposed range from -0.7% to 8.3% for average customers in each  
 3 class.

4 Key impacts to the overall bill are summarized as:

- 5 • Distribution charges reflect an inflationary increase for the annual price cap index  
 6 of 3%
- 7 • Network Transmission Rates increased ~15% and Connection Rate increased  
 8 ~4% for all classes based on Forecast Wholesale Billing at the most recently  
 9 approved IESO UTRs and HONI sub-transmission rates
- 10 • Increase in LRAM rate riders based on three year disposition request
- 11 • Increases are offset by a newly proposed Rate Rider credit for GA recovery

12 **Table 20: Bill Impacts by Rate Class - WRZ**

Customer Class	kWh	kW	RPP? Non?	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	750		RPP	\$ 3.85	11.5%	\$ 5.80	15.2%	\$ 7.29	14.2%	\$ 7.00	5.5%
GS<50 kW	2,000		RPP	\$ 8.23	11.6%	\$ 13.63	16.6%	\$ 17.18	15.0%	\$ 16.50	5.2%
GS>50 kW	40,000	100	Non	\$ 80.72	12.2%	\$ 105.97	15.3%	\$ 173.82	13.4%	\$ 196.42	3.2%
USL	500		RPP	\$ 3.10	11.5%	\$ 4.50	15.2%	\$ 5.39	14.3%	\$ 5.17	5.9%
Sentinel Lights	150	1	Non	\$ 3.05	13.9%	\$ 4.19	18.4%	\$ 4.70	17.2%	\$ 4.52	10.8%
Street Lighting	283,400	736	Non	\$ 3,569.43	10.3%	\$ 2,829.88	8.2%	\$ 3,208.77	8.4%	\$ 3,625.91	4.5%



1 Total bill impacts proposed range from 3.2% to 10.8% for average customers in each  
2 class.

3 Key impacts to the overall bill are summarized as:

- 4 • Distribution charges reflect an inflationary increase for the annual price cap index  
5 of 3%
- 6 • Network Transmission Rates increased ~15% and Connection Rate increased  
7 ~6% for all classes based on Forecast Wholesale Billing at the most recently  
8 approved IESO UTRs and HONI sub-transmission rates
- 9 • Newly proposed rate riders for Group 1 disposition and Recovery of Incremental  
10 Capital

11 Copies of the current and proposed tariff sheets and Elexicon's calculated customer bill  
12 impacts are included in this Application (Appendices C, D and E respectively).

1		<b>List of Appendices</b>
2	Appendix A	LRAM Indeco Report
3	Appendix B	Incremental Capital Module:
4		Whitby Smart Grid & Sustainable Brooklin
5	Appendix B-1	Whitby Smart Grid Business Case
6	Appendix B-2	Sustainable Brooklin Business Case
7	Appendix B-3	DER Enabling Program and Local Capacity Market
8	Appendix B-4	METSCO Elexicon Energy 2022-2041 Peak Load Forecast
9	Appendix B-5	METSCO Feasibility Study Whitby SmartGrid VVO and DA
10	Appendix B-6	Letters of Support for ICM Application
11	Appendix B-7	Customer Engagement Report
12	Appendix C-1	2022 Tariff Sheet - VRZ
13	Appendix C-2	2022 Tariff Sheet - WRZ
14	Appendix D-1	2023 Proposed Tariff Sheet - VRZ
15	Appendix D-2	2023 Proposed Tariff Sheet - WRZ
16	Appendix E-1	Bill Impacts - VRZ
17	Appendix E-2	Bill Impacts - WRZ
18	Appendix F	Certificate of Evidence
19	Appendix G	Check List

**From:** Deluca, Lana <[LDeLuca@blg.com](mailto:LDeLuca@blg.com)>  
**Sent:** August 23, 2022 8:22 AM  
**To:** [shelley.grice@rogers.com](mailto:shelley.grice@rogers.com); [jlawford@piac.ca](mailto:jlawford@piac.ca); [markgarner@rogers.com](mailto:markgarner@rogers.com);  
[bharper.consultant@bell.net](mailto:bharper.consultant@bell.net)  
**Cc:** [cchan@ellexiconenergy.com](mailto:cchan@ellexiconenergy.com); Vellone, John <[JVellone@blg.com](mailto:JVellone@blg.com)>; Boyle, Colm <[CBoyle@blg.com](mailto:CBoyle@blg.com)>  
**Subject:** Elexicon Energy Inc. - EB-2022-0024 - Notice of Application

**To: all intervenors of record in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015:**

On July 27, 2022, Elexicon Energy Inc. ("Elexicon") submitted its 2023 IRM Distribution Rate Application for the Veridian Rate Zone and the Whitby Rate Zone. This application includes an Incremental Capital Module request to support two projects that will provide benefits to both of its rate zones.

On August 16, 2022, the OEB issued the Notice of Application along with the Letter of Direction for the proceeding. The OEB has directed Elexicon to serve a copy of the Notice of Application along with the application and evidence on all intervenors in EB-2018-0236, EB-2009-0274 and EB-2013-0174. Subsequent to the Notice of Application, the OEB confirmed that these materials also be served on all intervenors in EB-2021-0015.

Attached please find the OEB's Notice of Application (English and French) along with an extract from Elexicon's application and evidence as filed with the OEB.

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The application/evidence is available at <<https://www.veridian.on.ca/regulatory/>> and a copy can be downloaded from the following OEB link - [EB-2022-0024 Elexicon 2023 Distribution Rate Application](#).

A paper copy of the evidence filed in this proceeding is available upon request.

Please contact me if you have any questions.

Sincerely,

**Colm Boyle**

Senior Associate

T 416.367.7273 | C 416.524.4641 | [CBoyle@blg.com](mailto:CBoyle@blg.com) |

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**Sent:** August 23, 2022 8:22 AM

**To:** [SEC@oesc-cseo.org](mailto:SEC@oesc-cseo.org); [jay@shepherdrubenstein.com](mailto:jay@shepherdrubenstein.com); [mark@shepherdrubenstein.com](mailto:mark@shepherdrubenstein.com)

**Cc:** [cchan@ellexiconenergy.com](mailto:cchan@ellexiconenergy.com); Vellone, John <[JVellone@blg.com](mailto:JVellone@blg.com)>; Boyle, Colm <[CBoyle@blg.com](mailto:CBoyle@blg.com)>

**Subject:** Ellexicon Energy Inc. - EB-2022-0024 - Notice of Application

**To: all intervenors of record in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015:**

On July 27, 2022, Ellexicon Energy Inc. ("Ellexicon") submitted its 2023 IRM Distribution Rate Application for the Veridian Rate Zone and the Whitby Rate Zone. This application includes an Incremental Capital Module request to support two projects that will provide benefits to both of its rate zones.

On August 16, 2022, the OEB issued the Notice of Application along with the Letter of Direction for the proceeding. The OEB has directed Ellexicon to serve a copy of the Notice of Application along with the application and evidence on all intervenors in EB-2018-0236, EB-2009-0274 and EB-2013-0174. Subsequent to the Notice of Application, the OEB confirmed that these materials also be served on all intervenors in EB-2021-0015.

Attached please find the OEB's Notice of Application (English and French) along with an extract from Ellexicon's application and evidence as filed with the OEB.

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A paper copy of the evidence filed in this proceeding is available upon request.

Please contact me if you have any questions.

Sincerely,

**Colm Boyle**

Senior Associate

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**Sent:** August 23, 2022 8:23 AM

**To:** [jives@pww.ca](mailto:jives@pww.ca); [richard.stephenson@paliareroland.com](mailto:richard.stephenson@paliareroland.com)

**Cc:** [cchan@ellexiconenergy.com](mailto:cchan@ellexiconenergy.com); Vellone, John <[JVellone@blg.com](mailto:JVellone@blg.com)>; Boyle, Colm <[CBoyle@blg.com](mailto:CBoyle@blg.com)>

**Subject:** FW: Service of Elexicon Application

**To: all interveners of record in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015:**

On July 27, 2022, Elexicon Energy Inc. ("Elexicon") submitted its 2023 IRM Distribution Rate Application for the Veridian Rate Zone and the Whitby Rate Zone. This application includes an Incremental Capital Module request to support two projects that will provide benefits to both of its rate zones.

On August 16, 2022, the OEB issued the Notice of Application along with the Letter of Direction for the proceeding. The OEB has directed Elexicon to serve a copy of the Notice of Application along with the application and evidence on all intervenors in EB-2018-0236, EB-2009-0274 and EB-2013-0174. Subsequent to the Notice of Application, the OEB confirmed that these materials also be served on all intervenors in EB-2021-0015.

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Sincerely,

**Colm Boyle**

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**Sent:** August 23, 2022 8:23 AM

**To:** [don@ibabraiding.com](mailto:don@ibabraiding.com)

**Cc:** [cchan@ellexiconenergy.com](mailto:cchan@ellexiconenergy.com); Vellone, John <[JVellone@blg.com](mailto:JVellone@blg.com)>; Boyle, Colm <[CBoyle@blg.com](mailto:CBoyle@blg.com)>

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**Sent:** August 23, 2022 8:24 AM

**To:** [jgirvan@uniserve.com](mailto:jgirvan@uniserve.com)

**Cc:** [cchan@ellexiconenergy.com](mailto:cchan@ellexiconenergy.com); Vellone, John <[JVellone@blg.com](mailto:JVellone@blg.com)>; Boyle, Colm <[CBoyle@blg.com](mailto:CBoyle@blg.com)>

**Subject:** Elexicon Energy Inc. - EB-2022-0024 Notice of Application

**To: all intervenors of record in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015:**

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## Deluca, Lana

---

**From:** Deluca, Lana  
**Sent:** August 23, 2022 9:30 AM  
**To:** davidmacintosh@nextcity.com; tom.ladanyi; spainc@rogers.com  
**Cc:** cchan@elixiconenergy.com; John Vellone; Boyle, Colm  
**Subject:** Elexicon Energy Inc. - EB-2022-0024 - Notice of Application  
**Attachments:** Notice\_Elexicon\_2023 rates\_20220816 (2).PDF; EE\_2023\_IRM Rate Application (Extract).pdf

**To: all intervenors of record in EB-2018-0236, EB-2009-0274, EB-2013-0174 and EB-2021-0015:**

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### Colm Boyle

Senior Associate

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Elexicon Energy Inc.  
55 Taunton Rd. E.  
Ajax ON, L1T 3V3

**EXHIBIT D**

**Cynthia Chan**

## Current Applications

Archived Applications

### Current Applications

OEB File Number	Description	Details
EB-2022-0024	Application for January 1, 2023 Distribution Rates	<p>Elexicon Energy Inc. applied to the Ontario Energy Board to change its electricity distribution rates effective January 1, 2023.</p> <ul style="list-style-type: none"><li> Notice of Application issued by the Ontario Energy Board on August 16, 2022</li><li> Elexicon Energy Inc. – 2023 Rate Application</li></ul>

## News + Updates

### Elexicon Energy 2023 Rate Application

August 18, 2022

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Elexicon Energy has applied to the Ontario Energy Board for new electricity distribution rates effective January 1, 2023.

[read more](#)

### DBRS Morningstar Confirms Rating on Elexicon at “A” With a Stable Trend

August 2, 2022

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DBRS Limited (DBRS Morningstar) confirmed the Issuer Rating of Elexicon Corporation (Elexicon or the Company) at “A” with a Stable trend.

[read more](#)

### Change of Date for Scheduled Power Interruption in Cannington

July 20, 2022

---

A community-wide power outage in Cannington, originally scheduled for Friday, July 22, has been moved to Sunday, July 24 from 5 a.m. to 7 a.m.

[read more](#)