

March 31, 2023

via RESS

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
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Suite 2700  
Toronto, ON M4P 1E4  
Email: [Boardsec@oeb.ca](mailto:Boardsec@oeb.ca)

Dear Ms. Marconi:

**Re: EB-2022-0317 – Elexicon Energy Inc. (“Elexicon”) Z-Factor  
Application: Confidentiality Response Letter**

On March 22, Elexicon filed responses to interrogatories (“IRs”) in accordance with Procedural Order No. 1. Elexicon had requested confidential treatment for the response to IR Staff-7 which included a forecast of Elexicon’s Return on Equity (“ROE”) for 2022.

In a letter, dated March 28, 2023 (“Staff Letter”), OEB staff did not oppose Elexicon’s confidentiality request. However, OEB staff requested that Elexicon confirm that the actual 2022 ROE will be placed on the public record of this proceeding once it has been filed as part of Elexicon’s Report and Record Keeping Requirements (“RRR”) filing. With this letter, Elexicon confirms that it will provide the actual 2022 ROE on the public record of this proceeding once its RRR filing has been submitted.

In the Staff Letter, OEB staff also stated that it had requested calculations supporting the forecast 2022, which were not provided in Elexicon’s response. Elexicon observes that IR Staff-7, filed by OEB staff on March 3<sup>rd</sup>, specifically requested that Elexicon “provide the calculations showing the derivation of the 2022 **actual** ROE on a regulated basis” [emphasis added]. As noted in Elexicon’s response to that IR, the actual ROE, and associated calculations, are not available at this time.

In order to be supportive of the OEB’s determination in this proceeding, Elexicon is providing a revised confidential response to IR Staff-7 to provide the additional information requested in the Staff Letter (i.e. the calculations of the forecast ROE). Given that disclosure of the “calculations showing the derivation” of the 2022 forecast ROE would also result in the disclosure of confidential information, the revised IR response should be granted confidential treatment for the same reasons outlined in the March 22<sup>nd</sup>, 2023, cover letter for Elexicon’s IR responses. If the 2022 forecast ROE is granted

confidential treatment, as was done in Procedural Order No. 4 in EB-2022-0024, the underlying calculations should also be granted confidential treatment.

The non-confidential IRR will be filed publicly through the OEB's web portal ("Regulatory Electronic Submission System" or "RESS") and a confidential version will be filed in accordance with RESS Document Guidelines.



Stephen Vetsis  
Vice President Regulatory Affairs  
Elexicon Energy Inc.

cc: John Vellone

Elexicon Energy Inc.

Answer to Interrogatory from

OEB Staff

Interrogatory STAFF-07:

Ref: (1) Application, page 7

(2) Chapter 3 of the OEB's Filing Requirements for Incentive Rate-Setting Applications, May 24, 2022

Preamble:

The OEB's 2023 Incentive Rate-setting Applications Filing Requirements state that, in order to be eligible for a Z-factor claim, a distributor must demonstrate that its achieved regulatory return on equity (ROE), during its most recently completed fiscal year, does not exceed 300 basis points above its deemed ROE embedded in its base rates.

In the application, Elexicon Energy states that its achieved regulatory ROE for 2021 was 6.97%, which is 2.56% less than the 9.43% OEB-approved ROE. Elexicon Energy's forecast for its regulated 2022 ROE at this time is expected to be below the OEB Deemed ROE, and fall within the OEB's 300 basis points ROE dead band.

Question:

a) Please provide Elexicon Energy's 2022 achieved ROE on a regulated basis, also indicating whether it is based on audited or unaudited year-end actuals. Also, please provide the calculations showing the derivation of the 2022 actual ROE on a regulated basis.

Response:

As stated in Elexicon's Z-Factor application,<sup>1</sup> the forecast of its regulated 2022 ROE is expected to be below the OEB Deemed Return on Equity ("ROE"). Elexicon reaffirmed this projection on February 21, 2023 in its response to Additional Question #1 from the OEB panel in Elexicon's ICM Application (EB-2022-0024). Elexicon notes that its achieved regulatory ROE for 2021 was 6.87%, not 6.97%.

Elexicon does not yet have a finalized determination of its 2022 achieved ROE on a regulated basis. As of the date of these interrogatory responses, Elexicon Energy ("Elexicon") only has an estimate of its 2022 achieved ROE, which is [REDACTED]. The actual 2022 ROE on a regulated basis is

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<sup>1</sup> Elexicon Z-Factor Application Main Body, page 7 of 21

currently being determined as part of the Reporting and Record Keeping Requirements ("RRR") process and will be filed with the OEB in due course.

Primary components of ROE forecast calculation for 2022 are provided in Table 1 below. As noted above, the forecast calculation and its components were based on estimates and are subject to change.

Table 1 – 2022 ROE Forecast Calculation

