

October 16, 2023

via RESS

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
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Email: [Boardsec@oeb.ca](mailto:Boardsec@oeb.ca)

Dear Ms. Marconi:

**Re: EB-2023-0014 – Elexicon Energy Inc. (“Elexicon”) IRM  
Application Responses to Interrogatories (“IRs”)**

Pursuant to the OEB email dated October 3, 2023, please find enclosed Elexicon’s Responses to the questions provided by OEB Staff.

All IRs will be filed through the OEB’s web portal (“RESS”) and includes the following files:

- EE\_VRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016.xlsx
- EE\_WRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016.xlsx

Please contact me by phone at (905) 427-9870 or by e-mail at [svetsis@elexiconenergy.com](mailto:svetsis@elexiconenergy.com) if you have any questions



Stephen Vetsis  
Vice President Regulatory Affairs and Stakeholder Relations  
Elexicon Energy Inc.

**Elexicon Energy Inc.**  
**EB-2023-0014**  
**Elexicon Energy Responses to OEB Staff IRs**

**1-Staff-1**

**Ref: WRZ- 2024 Global Adjustments (GA) Analysis Workform, Tab GA 2022**

In Reference 1, Elexicon did not fill the number in adjustment 1b for “CT148 True-up of GA charges based on actual Non-RPP volumes – current year”.

Question:

- a) Please explain why Elexicon did not fill the number for the cell of adjustment 1b.

**Response:**

**a) The Whitby Rate Zone (“WRZ”) fully implemented the Accounting Guidance effective November 1, 2022<sup>1</sup>. As discussed in previous rate applications and summarized in EB-2022-0024<sup>2</sup>, the November 1, 2022 transition of the settlement process aligned the timing of true-ups to meet the OEB’s expectations as per the 2019 Accounting Guidance. As a result, timing differences no longer need to be addressed through Principal Adjustments in the DVA continuity and did not need to be accounted for in 1b.**

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<sup>1</sup> EE\_2024\_IRM Application\_EB-2023-0014\_20230816 page 24 (of 35)

<sup>2</sup> EE\_2023\_IRM Application\_20220727 (pages 20-30 (of 47))

**1-Staff-2****Ref: WRZ- 2024 Global Adjustments (GA) Analysis Workform, Tab Principal Adjustments**

OEB staff compiled the following table based on the information filed in Reference 1.

|   | Account 1589<br>RSVA GA | Account 1588 RSVA<br>Power            |
|---|-------------------------|---------------------------------------|
| Unbilled to Actual Revenue Differences (in last approved balance)         | \$45,181<br>(Cell J20)  | <b>\$221,036</b><br><b>(Cell V21)</b> |
| Unbilled to Actual Revenue Differences (in current principal adjustments) | \$175,910<br>(Cell J55) | \$24,404<br>(Cell V56)                |

Question:

- 1) Please explain why the proportions of the unbilled to actual revenue accruals between account 1589 and account 1588 have substantially changed in this application as compared to the proportions in the last application.

Response:

- 1) Elexicon notes that there was an error in the calculation of the Account 1588 *Unbilled to Actual Revenue Difference* last year (2021) due to an omission of some Class A dollars. This amount was reversed in 2022 and replaced by the actuals so that customers are held whole year-over-year. The process to calculate the unbilled difference for the WRZ has since been improved to avoid such omissions in the future and to align the process with that of the Veridian Rate Zone ("VRZ"). The new process was used to calculate the *Unbilled to Actual Revenue Difference* for 2022.

### 1-Staff-3

#### Uniform Transmission Rates -VRZ & WRZ

Ref 1: Rate Generator Model, Tab 11-12 RTSR

Ref 2: Rate Generator Model, Tab 21 Bill Impacts

Rates stated in Tab 11 are expected to be reflected on Tab 12 as applicable rates for billing determinants (see below).

| Rate Description                                      | Rate in Tab 11(\$) | Rate used in Tab 12(\$) |
|---|--------------------|-------------------------|
| UTR-Network service rate-Jan to Mar                   | 5.13               | 3.92/4.67               |
| UTR-Network service rate-Apr to Dec                   | 5.46               | 4.90                    |
|   |                    |                         |
| UTR-Line connection service rate-Jan to Mar           | 0.88               | 0.97/0.77               |
| UTR-Line connection rate-Apr to Dec                   | 0.88               | 0.81                    |
|   |                    |                         |
| UTR-Transformation connection service rate-Jan to Mar | 2.81               | 2.33/2.53               |
| UTR-Transformation connection rate-Apr to Dec         | 2.81               | 2.65                    |

Question:

- a) Please confirm the correct rate to be used in Tab 12 for the part relating to payment to IESO.

**Response:**

**Elexicon confirms that the IESO \$ amounts in Tab 12 are correct however there was an error with the Units Billed. The units billed have been updated and the rates now match Tab 11. Updated models have been provided with Elexicon's written interrogatory responses.**

**Please see:**

**EE\_VRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**

**EE\_WRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**

On Tab 21 under the RTSR Row 104-105 we noticed a bill impact change of 7.02% and 4.71% for the WRZ, while 8.08% and 7.58% were recorded for the VRZ, these percentages are all above the 4%(+/-) threshold.

Question:

b) Please explain the reason for these variances.

**Response:**

**After the updates noted in a) Tab 21 RTSR Rows 104 (network) and 105 (connection) show bill impact changes of .88% and 5.88% for the WRZ and 3.03% and 9.09% for the VRZ. Elexicon notes that the change in the connection rates is a function of 3 things: units billed (a), prices charged by the IESO and Hydro One (b) and the billing determinants (c)**

$$(a \times b) / c$$

**The price increase in connection charges is consistent with the increase in the UTRs and Submission Transmission rates for connection that Elexicon is charged by the IESO and Hydro One. See table below:**

|  | 2023<br>*used in<br>2023 IRM<br>model | 2024<br>%<br>Increase          |
|--|---------------------------------------|--------------------------------|
| <b>IESO</b>                            | <b>Rate</b>                           | <b>Rate</b>                    |
| Line Connection Service Rate           | 0.92                                  | 0.95                           |
| Transformation Connection Service Rate | 3.10                                  | 3.21                           |
| Total Connection                       | 4.02                                  | 4.16 3.5%                      |
|  | <b>2023</b>                           | <b>2024<br/>%<br/>Increase</b> |
| <b>HONI</b>                            | <b>Rate</b>                           | <b>Rate</b>                    |
| Line Connection Service Rate           | 0.6056                                | 0.6056                         |
| Transformation Connection Service Rate | 2.8924                                | 3.0673                         |
| Total Connection                       | 3.4980                                | 3.6729 5.0%                    |

The year-over-year changes in the units billed by the IESO and Hydro, as well as the class-specific billing determinants, also contributed to the rate increase.

**1-Staff-4****OEB published the 2023 Quarter 4 prescribed accounting interest rates-VRZ & WRZ**

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question:

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

Response:

- a) **Elexicon has updated Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%. Updated models have been provided with Elexicon's written interrogatory responses.**

**Please see:**

**EE\_VRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**

**EE\_WRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**

**1-Staff-5****2024 IRM question/ IR****Ref 1: 2024 IRM Rate Generator Model, Continuity Schedule, Tab 3****Ref 2: IRM Rate Generator – DVA Tabs Instructions - 2024 Rates****Ref 3: OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5**

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Sub-account Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Sub-account. This will draw down the accumulated balance of actual forgone revenues/amounts.
2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices.
3. If disposition is approved, the residual balance in the Forgone Revenues Sub-account should be disposed of proportionately by customer class and the residual balance will be transferred to Account 1595.

**Question(s):**

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.



**Response:**

**Elexicon notes that updating Tab 3 to reflect a balance in Account 1509 has the affect of creating a 1509 rate rider. Elexicon has previously requested and got approval for disposition rate riders of *Account 1509- Impact Arising from the COVID-19 Emergency*. Please see b) for details.**

b) If this balance is not applicable, please explain.

**Response:**

**On April 16, 2020, the OEB issued a Decision and Rate Order<sup>3</sup>, which established Elexicon Energy's 2020 rates in the VRZ. This decision and rate order included a provision for Elexicon Energy to postpone the implementation of these rates due to the COVID-19 pandemic.**

**On April 21, 2020, Elexicon Energy filed a letter with the OEB seeking authorization to postpone the implementation of its new rates until January 1, 2021. Elexicon Energy explained that it wished to determine the best options available to minimize rate impacts to customers given that it intends to propose harmonization of the VRZ and the WRZ, to a common rate year in January of 2021.**

**On April 28, 2020, the OEB granted this request and issued a Vary Order to that effect.**

**In EB-2020-0013 Elexicon requested and the OEB approved the collection of COVID-19 foregone revenue through rate riders effective January 1, 2021 to December 31, 2021.**

**The residual balance will be requested for final disposition in the 2025 rate year. In accordance with account 1595 disposition practices, the 2021 rate riders expired on December 31, 2021 and the balance is eligible to be disposed after the account balance as of December 31, 2023 has been audited.**

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<sup>3</sup> EB-2019-0252

## 1-Staff-6

Ref: 2024 IRM Rate Generator, Tab 11, 15 and 20

On September 28<sup>th</sup>, 2023, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s proposed host RTSRs.

OEB staff has updated LDC's rate generator with the 2024 preliminary UTRs/and proposed host RTSR by HONI as follows:

### UTRs

| Uniform Transmission Rates             |    | Unit | 2022<br>Jan to Mar |    | 2022<br>Apr to Dec |    | 2023<br>Jan to Jun |    | 2023<br>Jul to Dec |    | 2024 |
|--|----|------|--------------------|----|--------------------|----|--------------------|----|--------------------|----|------|
| Rate Description                       |    |      | Rate               |    |                    |    | Rate               |    |                    |    | Rate |
| Network Service Rate                   | kW | \$   | 5.13               | \$ | 5.46               | \$ | 5.60               | \$ | 5.37               | \$ | 5.76 |
| Line Connection Service Rate           | kW | \$   | 0.88               | \$ | 0.88               | \$ | 0.92               | \$ | 0.88               | \$ | 0.95 |
| Transformation Connection Service Rate | kW | \$   | 2.81               | \$ | 2.81               | \$ | 3.10               | \$ | 2.98               | \$ | 3.21 |

### Hydro One Sub-Transmission Rates

| Hydro One Sub-Transmission Rates                     |    | Unit | 2022   |    | 2023   |    | 2024   |  |
|--|----|------|--------|----|--------|----|--------|--|
| Rate Description                                     |    |      | Rate   |    | Rate   |    | Rate   |  |
| Network Service Rate                                 | kW | \$   | 4.3473 | \$ | 4.6545 | \$ | 4.5778 |  |
| Line Connection Service Rate                         | kW | \$   | 0.6788 | \$ | 0.6056 | \$ | 0.6056 |  |
| Transformation Connection Service Rate               | kW | \$   | 2.3267 | \$ | 2.8924 | \$ | 3.0673 |  |
| Both Line and Transformation Connection Service Rate | kW | \$   | 3.0055 | \$ | 3.4980 | \$ | 3.6729 |  |

Question: Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

### Response:

Elexicon confirms the accuracy of the IRM Rate Generator model update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

**1-Staff-7****Demand /Consumption options****Ref 1: Rate Generator Model, Tab 21 Bill Impact**

On Tab 21 under the RTSR column of the RGM, a dropdown option was provided to enable LDCs to choose between consumption, Demand, and Demand interval however, we noticed that Elexicon Energy Inc. did not select any of the options in the model filed with your application.

- a) Do you have a particular reason for not selecting any of the options provided?

**Response:**

**For the demand selections, the more correct distinction for Elexicon customers would be “demand-interval” however when that selection is made there is no resulting calculation of RTSRs in the bill impact tab of the OEB’s model. Elexicon left the option blank to ensure the accurate derivation of rates for its application.**

- b) If this was an omission can you confirm your selections for the classes in your application or re-filed an updated model?

**Response:**

**Elexicon’s selections have been made in the updated IRM Rate Generator Models that are being submitted with the IR responses. Elexicon has distinguished between “consumption” and “demand” only, to avoid the issue identified in a). Elexicon notes that these selections do not change the outcomes of the previously provided evidence. Any change in rates is due to the changes made as a result of Staff-3 and Staff-6.**

**Please see:**

**EE\_VRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**

**EE\_WRZ\_2024\_IRM-Rate-Generator-Model\_IRRs\_20231016**