



October 17, 2024

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: EB-2024-0016 – Elexicon Energy Inc. (“Elexicon”) IRM
Application Responses to Interrogatories (“IRs”)**

Pursuant to the OEB email dated October 1, 2024, 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_2025_IRM-Rate-Generator-Model_IRRs_20241017.xlsx
- EE_WRZ_2025_IRM-Rate-Generator-Model_IRRs_20241017.xlsx

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

DocuSigned by:

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



Elexicon Energy Inc.
EB-2024-0016
Elexicon Energy Responses to OEB Staff IRs

1-Staff-1
Forgone Revenue Account 1509 Ref 1: Rate Generator Model, Tab 3 Account 1509
Ref 2: Manager’s Summary, pg.6
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In Reference 1, Elexicon Energy recorded the below figures in Account 1509 for 2022 and 2023.

In Reference 2, Elexicon Energy requested a transfer of (\$4,172) from Account 1509 into Account 1595.

Table 1: Balances Reported for Account 1509 for 2022 and 2023

Description	2022	2023
Closing Principal Balance	(3,913)	(3,904)
Closing Interest Balance	(71)	(268)

Questions:

- a) The above figures in Table 1 were missing from Elexicon Energy’s 2022 and 2023 Rate Generator Models submitted to the OEB. Please provide reasoning for excluding the figures in your previous IRM submissions.
- b) Please explain if other figures are being excluded from the Rate Generator Model and the reason for their exclusion.
- c) Please provide a schedule showing the postings relating to the transactions in Account 1509 from 2020 to 2024 that the transfer is being requested.



Response:

- a) The Account 1509 figures were excluded from previous IRM submissions because they were not yet eligible for disposition.

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 is being requested for final disposition in this application (the 2025 rate year). In accordance with Account 1595 disposition practices, the 2021 rate riders expired on December 31, 2021, and the balance is only eligible to be disposed of after the account balance as of December 31, 2023, has been audited.¹

- b) Elexicon confirms that no other figures are being excluded from the Rate Generator Model.
- c) Below is a schedule showing the postings relating to the transactions in Account 1509 from 2020 to 2023 for which the transfer is being requested.

Table 1(A) Forgone Revenue Transactions

	Approved 2020	Activity 2021	Closing Bal 2021	Activity 2022	Closing Bal 2022	Activity 2023	Closing Bal 2023	Total
Approved	618,891							618,891
Recovered		-622,407	-3,516	-397	-3,913	9	-3,904	-622,795
Recovered cc		-2,574						-2,574
CC		2,574	0	-71	-71	-197	-268	2,306
	618,891	-622,407	-3,516	-468	-3,984	-188	-4,172	-4,172

¹ Filing Requirements for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025, Chapter 3 Incentive Rate-Setting Applications, June 18 2024, page 14.



1-Staff-2 Consumption Data Ref: COVID-19 Forgone Revenue Rate Rider Model – Billing
Determinants

Questions:

Please provide the consumption data for the recovery period compared to the forgone period for the line items below.

Table 2: Total Consumption Metered Between Forgone and Recovery Period

Description	Total kWh (Forgone Period)	Recovery Period (kWh)
Residential Service Classification		
Seasonal Residential Service Classification		
General service less than 50 KW Service classification		
General service 50 to 2,999 KW Service classification		
General service 3,000 to 4,999KW Service classification		
Large Use Service classification		
Unmetered Scattered Load Service classification		
Sentinel Lighting Service classification		
Street Lighting Service classification		



Response:

The consumption data for the recovery period and the forgone period is in Table 2(A) below.

Table 2(A): Forgone and Recovery Period kWh consumption

Description	Veridian Rate Zone	
	May 2020 - Dec 2020	Jan 2021-Dec 2021
	Forgone Period kWh	Recovery Period kWh
Residential	705,297,708	1,029,321,566
Seasonal Residential	8,101,132	12,547,706
GS<50 kW	172,928,425	278,876,540
GS 50 to 2,999 kW	606,064,922	926,244,390
GS 3,000 - 4,900	60,651,080	105,997,891
Large use	171,143,239	271,237,266
Unmetered Scattered Load	3,065,644	4,578,173
Sentinal Lighting	156,356	227,386
Street Lighting	6,873,738	11,155,468

Explanatory notes for Table 2(A) above:

1. Elexicon notes that the Forgone period and the Recovery period are not comparable. The Forgone period is for eight months, covering May 2020 to December 2020. The Recovery period is for twelve months, covering January 2021 to December 2021.
2. Elexicon notes that kWh is only one of the three billing determinants used to calculate the Forgone revenue and the Rate Riders for the Recovery Period. The other billing determinants include number of customers/connections and kW (see summary in Table 2(B) below).



Table 2(B): Billing Determinants

Rate Class	Forgone Revenue Rate Rider (fixed)	Forgone Revenue Rate Rider (volumetric)
Residential	# customers/connections	-
Seasonal Residential	# customers/connections	kwh
GS<50 kW	# customers/connections	kwh
GS 50 to 2,999 kW	# customers/connections	kw
GS 3,000 - 4,900	# customers/connections	kw
Large use	# customers/connections	kw
Unmetered Scattered Load	# customers/connections	kwh
Sentinal Lighting	# customers/connections	kw
Street Lighting	# customers/connections	kw

3. Elexicon notes that the residual amount is only .7% (\$4,172 / \$618,891) and is immaterial.

As per the OEB's Chapter 3 filing requirements regarding 1595 accounts, "the residual balance is expected to be relatively small, represented by the difference between the forecast billing determinants upon which the riders were derived and the actual billing determinants over that period. If there are material residual balances being proposed for disposition, applicants are expected to provide a detailed explanation".² Historically, the OEB had determined that a residual balance exceeding +/- 10% of the original amounts previously approved for disposition would be considered material³.

² *Ibid.*

³ OEB Filing Requirements – Chapter 3 – Distributors – June 24, 2021 page 15



1-Staff-3
Prospective Lost Revenue Adjustment Mechanism (LRAM) 2025 Rates
Ref 1: Manager’s Summary, pgs. 21-23
Ref 2: Rate Generator Model, Tab 19 Veridian Rate Zone & Whitby Rate Zone
Ref 3: Guidance on Prospective Lost Revenue Adjustment Mechanism (LRAM)
Amounts – 2025 Rates
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In Reference 1, Elexicon Energy applied the inflation minus the X-factor on the previously approved amount to determine the prospective disposition.

In Reference 2, Elexicon Energy calculated rate riders for the mechanically adjusted LRAM-eligible amounts in the Veridian Rate Zone in Tab 19, Cells C51, C64, C77, C90, and C129. For the Whitby Rate Zone, similar calculations for rate riders were made in Tab 19, Cells C38, C51, and C90.

In Reference 3, the OEB guideline on the calculation of the LRAM prospective amount states that the LRAM-eligible amount for a particular year is to be adjusted mechanistically by the OEB-approved inflation minus X-factor formula applicable to IRM applications in effect for a given year.⁴

Table 3: Formula for Calculating the LRAM Prospective Amount	
LRAM-Eligible Amount	Calculated As
Updated 2025 LRAM-eligible amount requested in 2025 rate application	(2025 LRAM-eligible amount in 2024\$) x (2025 OEB-approved inflation minus X-factor)

OEB staff’s calculation indicates that the inflated figure proposed by Elexicon Energy in Reference 1 may have been incorrectly calculated compared to the revised calculation in Table 4 below:

⁴ Guidance on Prospective Lost Revenue Adjustment Mechanism (LRAM) Amounts-2025 Rates, issued April 10, 2024, p. 3



Table 4: LRAM Amount in 2025

Year	Previously approved LRAM Amount- in 2022\$	Inflated with 2024 and 2025 Rates	Previously approved LRAM Amount - in 2022\$	Inflated with 2024 and 2025 Rates
	VRZ	VRZ	WRZ	WRZ
2025	622,055	671,499	322,269	347,885
2026	568,102	613,258	308,084	332,572
2027	501,286	541,131	286,385	309,148
2028	430,859	465,106	237,081	255,925

Questions:

- a) Please re-calculate the prospective disposition and confirm if you agree with the revised calculation above.
- b) If the result of your re-calculation agrees with the above and differs from the information submitted to the OEB in your application, please re-file an updated Rate Generator Model for both the Veridian Rate Zone and Whitby Rate Zone.



Response:

- a) Elexicon Energy has reviewed the calculations originally submitted in this application and does not agree with the revised calculation by OEB staff.

Elexicon's calculations are produced in Table 3(A) below:

Table 3(A): Elexicon Calculations

VRZ 2025 LRAM-Eligible Amounts for Prospective Disposition

Elexicon Calculation

	2022 \$		2023 \$		2024 \$		2025 \$
Customer Class	2025 LRAM-Eligible approved	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery
GS<50 kW	110,351	103.4%	114,102	104.5%	119,237	103.3%	123,172
GS 50-2,999 kW	299,935	103.4%	310,133	104.5%	324,089	103.3%	334,784
GS 3,000-4,999 kW	17,949	103.4%	18,559	104.5%	19,394	103.3%	20,034
Large User	105,285	103.4%	108,865	104.5%	113,764	103.3%	117,518
USL	60	103.4%	62	104.5%	64	103.3%	67
Streetlighting	88,475	103.4%	91,484	104.5%	95,600	103.3%	98,755
	622,055		643,205		672,149		694,330

WRZ 2025 LRAM-Eligible Amounts for Prospective Disposition

Elexicon Calculation

	2022 \$		2023 \$		2024 \$		2025 \$
Customer Class	2025 LRAM-Eligible approved amount	Approved inflation minus X factor		Approved inflation minus X factor	Annual Recovery	Approved inflation minus X factor	Annual Recovery
GS<50 kW	34,248	103.4%	35,412	104.5%	37,006	103.3%	38,227
GS>50 kW	205,307	103.4%	212,287	104.5%	221,840	103.3%	229,161
Streetlighting	82,714	103.4%	85,527	104.5%	89,375	103.3%	92,325
	322,269		333,226		348,221		359,713



In Elexicon's 2023 rate decision, EB-2022-0024, the amounts for future disposition were approved as follows:

Table 8.2: LRAM-Eligible Amounts for Prospective Disposition⁵

Year	LRAM-Eligible Amount (in 2022 \$) (Veridian RZ)	LRAM-Eligible Amount (in 2022 \$) (Whitby RZ)
2023	779,539	372,558
2024	692,891	350,638
2025	622,055	322,269
2026	568,102	308,084
2027	501,286	286,385
2028	430,859	237,081

The amounts approved in Table 8.2 in EB-2022-0024 are specifically labelled as 2022 dollars. These amounts have not been adjusted by the 2023 inflation and stretch factors. To calculate the 2025 LRAM amounts for disposition, these amounts need to be adjusted to include the 2023, 2024, and 2025 inflation and stretch factors (I-X). Elexicon notes that the 2025 LRAM-Eligible amount from EB-2022-0024 is also consistent with Tables 9.1 and 9.2 in EB-2023-0014, Decision and Order dated December 14, 2023, pages 14 & 15.

Table 9.1 LRAM-Eligible Amounts for Prospective Disposition - Veridian RZ

Year	LRAM-Eligible Amount (in 2022 \$)	LRAM-Eligible Amount (in 2024 \$) ²⁹
2024	692,891	748,690
2025	622,055	672,149
2026	568,102	613,851
2027	501,286	541,655
2028	430,859	465,556

⁵ EB-2022-0024, Partial Decision and Order, December 8, 2022, at page 18.



Table 9.2 LRAM-Eligible Amounts for Prospective Disposition - Whitby RZ

Year	LRAM-Eligible Amount (in 2022 \$)	LRAM-Eligible Amount (in 2024 \$) ³⁰
2024	350,638	378,875
2025	322,269	348,221
2026	308,084	332,894
2027	286,385	309,448
2028	237,081	256,173

As noted in EB-2024-0014, the 2024 LRAM amount was calculated as: (previously approved 2024 LRAM-eligible amount in 2022 dollars) x (2023 approved inflation minus X-factor) x (2024 approved inflation minus X-factor).⁶

Elexicon has calculated the 2025 LRAM amounts as follows:

Step 1:

622,055 VRZ (previously approved 2025 LRAM-eligible amount in 2022 dollars) + (2023 approved inflation minus X-factor. 3.4%) = 643,205

322,269 (WRZ) (previously approved 2025 LRAM-eligible amount in 2022 dollars) x (2023 approved inflation minus X-factor. 3.4%) = 333,226

Step 2:

643,205 (VRZ) + (2024 approved inflation minus X-factor, 4.5%) = 672,149

333,226 (WRZ) + (2024 approved inflation minus X-factor, 4.5%) = 348,221

⁶ EB-2023-0014, Decision and Rate Order, December 14, 2023, pages 14 to 15, footnotes 27 and 30.



Step 3:

672,149 (VRZ) + (2025 approved inflation minus X-factor, 3.3%) = 694,330
348,221 (WRZ) + (2025 approved inflation minus X-factor, 3.3%) = 359,713

The OEB’s calculation in Table 4 above neglects to adjust the LRAM-eligible amounts for 2025 disposition by the 2023 inflation and stretch factors. OEB’s calculations are produced in Table 3(B) below.

Table 3(B) OEB Calculations

VRZ OEB Calculation

	2022 \$		2023 \$		2024 \$		2025 \$
Customer Class	2025 LRAM-Eligible approved	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery
1-Staff-3 Table 4	622,055			104.5%	650,047	103.3%	671,499

WRZ OEB Calculation

	2022 \$		2023 \$		2024 \$		2025 \$
Customer Class	2025 LRAM-Eligible approved	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery	Approved inflation minus X	Annual Recovery
1-Staff-3 Table 4	322,269			104.5%	336,771	103.3%	347,885

- b) Elexicon’s calculation remains unchanged from its original submission. Elexicon is requesting the amounts originally submitted: VRZ \$694,330 and WRZ \$359,713, as represented in Table 3(A).



1-Staff-4

Rate Generator Model Unopened Tabs

Ref: Rate Generator Model, Tab 1 & 6 Veridian Rate Zone & Whitby Rate Zone

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In the Rate Generator Model Tab 1, Cells F49 and 51 indicate that there were Class A and B customers during the IRM period. Consequently, Tab 6 should have been enabled to provide details of Class A and B customers.

Questions:

a) Please complete an updated Rate Generator Model where Tab 6 (and all other required tabs) are completed and re-file for the two rate zones. If you need any help on the Rate Generator Model please contact ratemodels@oeb.ca with a copy to the case manager.

Response:

- a) Elexicon notes that because the Total Claim does not meet the Threshold Test, the Rate Generator Model does not display Tab 6 for input. The data on Tab 6 is used for the purposes of determining the GA rate rider, CBR Class B rate rider, as well as customer specific GA and CBR charges for transition customers. Tab 6 is not applicable in this application since there is no disposition request.



1-Staff-5

Group 1 Disposition Request
Ref: Manager’s Summary, pgs. 16-17

Elexicon Energy states that “...Group 1 Total Claims (2023 ending balances plus any identified adjustments and projected interest) do not exceed the threshold test for both rate zones. As a result, this application does not include a VRZ & WRZ final disposition request for the Total Group 1 DVA balances.”

Questions:

a) Please confirm, and provide reasoning, for why Elexicon Energy will not be making Group 1 disposition requests.

Response:

a) Elexicon confirms that it will not be making a Group 1 disposition request. As per the Chapter 3 Filing requirements dated June 18, 2024, page 10, “The Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR) provides that under the Price Cap IR or the Annual IR Index, the distributor’s Group 1 account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh (debit or credit) is exceeded”.⁷

As per the Manager Summary, page 17, neither rate zone met the pre-set disposition threshold.

Table 7: Threshold Test Results

<u>VRZ Threshold Test</u>	
Total Claim (including Account 1568 and 1509)	\$437,145
Total Claim for Threshold Test (All Group 1 Accounts)	\$441,317
Threshold Test (Total claim per kWh) ²	\$0.0002 Claim does not meet the threshold test.
 <u>WRZ Threshold Test</u>	
Total Claim (including Account 1568 and 1509)	(\$535,079)
Total Claim for Threshold Test (All Group 1 Accounts)	(\$535,079)
Threshold Test (Total claim per kWh) ²	(\$0.0006) Claim does not meet the threshold test.

⁷ Supra note 1, at page 10.



1-Staff-6

Ref: Rate Generator Model, Tab 3, Continuity Schedule

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On September 13, 2024, the OEB published the 2024 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 2024 OEB-prescribed interest rate of 4.40%.

Response:

- a) Elexicon has updated Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 OEB-prescribed interest rate of 4.4%. Updated models have been provided with Elexicon's written interrogatory responses.

Please see:

EE_VRZ_2025_IRM-Rate-Generator-Model_IRRs_20241017

EE_WRZ_2025_IRM-Rate-Generator-Model_IRRs_20241017