Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

September 18, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

Re: Elexicon Energy Inc. (Elexicon Energy)
Application for 2026 Electricity Distribution Rates
Ontario Energy Board (OEB) File Number: EB-2025-0046

In accordance with Procedural Order No. 1, please find attached OEB staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Elexicon Energy's responses to interrogatories are due by October 3, 2025.

Any questions relating to this letter should be directed to Oluwole (Wolly) Bibiresanmi at oluwole.bibiresanmi@oeb.ca or at 437-880-4352. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Oluwole(Wolly)Bibiresanmi
Digitally signed by Oluwole(Wolly)Bibiresanmi
Date: 2025.09.18 10:55:41 -04'00'

Oluwole (Wolly) Bibiresanmi
Advisor, Incentive Rate-setting

OEB Staff Interrogatories
Elexicon Energy Inc.
EB-2025-0046

Please note, Elexicon Energy Inc. (Elexicon Energy) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Veridian Rate Zone

1-Staff-1
Commodity Accounts WorkForm
Ref 1: EE_VRZ_2026_Commodity_Accounts_Analysis_WF_20250715

Question(s):

a. Please provide an explanation in the text box a) in tabs GA 2023 and GA 2024 since columns G and H for unbilled consumption are not used in the Note 4 of these tabs.

1-Staff-2
Account 1508 Other Regulatory Asset – Sub-account OEB Cost Assessment
Ref 1: EE_2026_Group 2 Continuity Schedule_20250715.XLSX, Principal Adjustments during 2024.

Question(s):

a. Please explain the principal adjustment (-$295,632) recorded in 2024 for Account 1508 – Sub-account OEB Cost Assessment, including the period of the adjustment related to, the nature of the adjustment, rationale for the adjustment and how the amount was determined.

1-Staff-3
1508 Other Regulatory Asset – Sub-Account – One-Time Incremental IFRS Costs
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 22 of 61, Table 4.1

Question(s):

a. Please explain the rationale for why the total costs incurred in 2009 and 2010 are higher than in other years and please explain what factors contributed to the relatively high cost in 2012 compared to the remaining years.

1-Staff-4
1508 Other Regulatory Asset – Sub Account - LEAP EFA Funding
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 42 of 61, Table 4.16

Question(s):

a. Please explain the rationale behind Elexicon Energy's $241,629 in Emergency Finance Assistance contributions in 2024 and please confirm that the actual LEAP EFA amount of $241,629 was prudently incurred contributions made in 2024.

1-Staff-5
Account 1518 – Retail Cost Variance Accounts - Retail and 1548 - Service Transaction Requests (STR)
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 46 and 49 of 61, Tables 4.18 and 4.21

Question(s):

a. Tables 4.18 and 4.21 show equal and opposite balances in Accounts 1518 and 1548 for the years 2013 to 2021. The 2021 variance of $1,000,279 has been explained in the application but explanations were not provided for other years.
    i. Please provide a detailed explanation of any adjustments made to Accounts 1518 and 1548 in years prior to or after 2021. Were there any similar reclassifications or corrections in those years?
    ii. Please confirm whether any uncorrected misallocations in years other than 2021 would have a material impact on the proposed rate riders. If yes, please provide revised calculations.
    iii. Please confirm whether the correction made in 2021 between Accounts 1518 and 1548 has been reflected in the RRR filings for that year. If not, please provide a plan to refile prior RRR filings for these accounts.

1-Staff-6
Account 1575 IFRS-CGAAP Transitional PPE amounts - *Principal Disposition Variance and Retirement Adjustment*
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 56 of 61, Table 4.25
Ref 2: EE_2026_Group 2 Continuity Schedule_20250715.XLSX, Principal Adjustments during 2024

Preamble:
OEB staff compiled tables below based on the evidence filed in the application:

Table 1: Disposition Amounts by Year

Year	Principal Adjustment Per Tab 3 Continuity Schedule	Transactions Per Tab 3 Continuity Schedule	Total Principal Disposition Per Tab 3 Continuity Schedule	Total Principal Disposition Per Table 4.25	Variance
	A	B	C=A+B	D	E=D-C
2014	$ -	$ -	$ -	$ 560,126	**$ (560,126)**
2015	$ 590,518	$ 261,551	$ 852,069	$ 345,298	**$ 506,771**
2016	$ (30,391)	$ 297,795	$ 267,404	$ 271,396	**$ (3,992)**
2017	$ -	$ 155,517	$ 155,517	$ 94,306	**$ 61,211**
2018	$ -	$ 251,264	$ 251,264	$ 149,782	**$ 101,482**
2019	$ -	$ 935,134	$ 935,134	$ 812,812	**$ 122,322**
2020	$ -	$ 514,739	$ 514,739	$ 386,358	**$ 128,381**
2021	$ -	$ 219,971	$ 219,971	$ 212,779	**$ 7,192**
2022	$ -	$ 831,706	$ 831,706	$ 775,593	**$ 56,113**
2023	$ -	$ 978,589	$ 978,589	$ 668,547	**$ 310,042**
2024	$ (1,017,819)	$ 1,026,725	$ 8,906	$ 738,303	**$ (729,397)**
Total	$ (457,692)	$ 5,472,992	$ 5,015,299	$ 5,015,300	**$ (1)**

Table 2: Net Depreciation CGAAP vs IFRS

Year	Net Depreciation CGAAP	Net Depreciation IFRS	Net Depreciation Difference
	A	B	C=A-B
2014	$ (10,414,709)	$ (10,364,286)	$ (50,423)
2015	$ (11,378,818)	$ (11,257,294)	$ (121,524)
2016	$ (11,812,656)	$ (11,608,892)	$ (203,764)
2017	$ (12,504,963)	$ (12,284,664)	$ (220,299)
2018	$ (12,947,148)	$ (12,669,589)	$ (277,559)
2019	$ (13,257,507)	$ (12,565,248)	$ (692,259)
2020	$ (14,555,590)	$ (14,072,451)	$ (483,139)
2021	$ (15,243,645)	$ (14,680,253)	$ (563,392)
2022	$ (16,379,173)	$ (15,585,491)	$ (793,682)
2023	$ (16,720,434)	$ (15,839,951)	$ (880,483)
2024	$ (16,240,458)	$ (15,179,950)	$ (1,060,508)
Total	**$ (151,455,101)**	**$ (146,108,069)**	**$ (5,347,032)**

Table 1 above compares the year-by-year principal disposition amounts recorded in the Continuity Schedule to those presented in Table 4.25 of the evidence. While the total principal disposition aligns across both sources, notable year-by-year variances are observed. In particular, a principal adjustment of -$1,017,819 was recorded in the 2024 continuity schedule with the comment: “correct calc of Loss on Retirement using 2EA schedule.”

Table 2 above compares the year-by-year net depreciation between CGAAP and IFRS.

Question(s):

a. Please explain the variance observed in Table 1 above, including the rationale for any differences and how the amounts were determined.
b. Please provide a detailed explanation of this adjustment (-$1,017,819), including:
    - The asset categories impacted
    - The methodology used in the revised calculation
    - How the 2EA schedule was applied
c. Please confirm whether this adjustment aligns with OEB guidance on transitional PP&E balances and whether the account has been reviewed or audited internally.
d. Please provide commentary on the trend of the annual differences. Specifically:
    - Why do the differences increase over time?
    - Are the increases driven by changes in asset useful lives, componentization, or other IFRS-related adjustments?

1-Staff-7
Account 1575 IFRS-CGAAP Transitional PPE amounts -*Treatment of Return on Rate Base vs. Interest*
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 56 of 61, Table 4.25
Ref 2: EE_2026_Group 2 Continuity Schedule_20250715.XLSX – Principal Adjustments during 2024
Ref 3: Accounting Procedures Handbook, December 2011, Article 220, p. 33

Preamble:
Elexicon Energy's continuity schedule includes a projected interest amount of $331,010 for Account 1575, resulting in a total claim of $5,346,309. However, the OEB's Accounting Procedures Handbook states that Account 1575 "does not accrue carrying charges" and instead allows for a rate of return component to be applied prospectively in rates.

In Appendix D, Table 4.25 of Elexicon Energy's current application, the $331,010 is described as a "return on rate base", not interest. This appears to conflict with the label "Projected Interest" used in the continuity schedule.

Question(s):
a. Please confirm whether the nature of $331,010 is return on rate base or as interest.
b. If it is interest, please explain the rationale for including it in the continuity schedule, given the OEB's guidance that Account 1575 does not accrue interest. Please also confirm whether the proposed rate rider calculation based on the total claim of $5,346,309 will be revised. If so, provide the updated rate rider calculation and confirm whether the revised amount will be applied prospectively through rates.
c. If it is a return on rate base, please clarify why it is labeled as "Projected Interest" and whether it will be removed from the continuity schedule and instead applied through rate riders, consistent with OEB guidance.

1-Staff-8
Account 1575 IFRS-CGAAP Transitional PPE amounts – continuity and disposition
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 11 of 61, Table 2.1
Ref 2: Accounting Procedures Handbook, December 2011, Article 220, p. 33

Preamble:
The Accounting Procedures Handbook (page 33) states that distributors shall record the cumulative difference between CGAAP and MIFRS depreciation in a deferral account, and the balance in this account (which does not accrue carrying charges) should be considered for adjustment to the opening rate base **in the first modified IFRS rebasing year.**

Question(s):
a. Please confirm that Elexicon Energy's next rebasing application would be considered as the first modified IFRS application. If confirmed, please explain Elexicon Energy's proposal regarding the disposition of Account 1575.
b. Please provide Elexicon Energy's thoughts on one-time disposition of Account 1575 balance accumulated till its next rebasing application.

1-Staff-9
Proposed Rate Riders
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 59 and 60 of 61

Question(s):
a. Please explain how Elexicon Energy decided which account should be included in Distribution and Other Income while calculating the rate riders.

1-Staff-10
Rate Rider Calculation: Treatment of Distribution Revenue and Other Income
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 59-61
Ref 2: EE_2026_Group 2 Continuity Schedule_20250715.XLSX – Tab: Allocation of Balances

Preamble:
Elexicon Energy's continuity schedule includes a detailed allocation of Group 2 account balances between "Distribution Revenue" and "Other Income" categories for the purpose of calculating rate riders. The schedule also notes that this classification facilitates financial statement reporting.

Question(s):
a. Please explain how Elexicon determined which accounts are included under "Distribution Revenue" and which are included under "Other Income" for the purpose of rate rider calculation.
   - Specifically, clarify the criteria used to classify account balances under each category.
   - Confirm whether this classification affects the allocation methodology or the rate rider design.

b. Please explain how this classification facilitates financial statement reporting, as referenced in the application.

Whitby Rate Zone

1-Staff-11
Account 1508 Other Regulatory Asset – Sub-account OEB Cost Assessment
Ref 1: EE_2026_Group 2 Continuity Schedule_20250715.XLSX, Principal Adjustments during 2024

Question(s):
a. Please explain the principal adjustment (-$148,929) recorded in 2024 for Account 1508 – Sub-account OEB Cost Assessment, including the rationale for the adjustment and how the amount was determined.

1-Staff-12
1508 Other Regulatory Asset – Sub Account – Estimated Useful Lives - WRZ
Ref 1: Tab 3 Continuity Schedule in Rate Generator Model
Ref 2: EE_WRZ_2026_Change in Useful Lives Summary_20250715

Table 2: Disposition Amounts by Year

Year	Per Tab 3 Continuity Schedule	Per EE_WRZ_2026_Change in Useful Lives Summary_20250715	Variance
2019	$ 398,286	$ 353,453	**$ 44,833**
2020	$ (304,405)	$ 29,430	**$ (333,835)**
2021	$ (82,937)	$ (49,980)	**$ (32,956)**
2022	$ 395,358	$ 107,777	**$ 287,581**
2023	$ 315,620	$ 300,841	**$ 14,778**
2024	$ 351,582	$ 331,983	**$ 19,600**
Total	$ 1,073,505	$ 1,073,505	**$ -**

Question(s):

a. Please explain the variance observed in Account 1508 – Sub Account Estimated Useful Lives between the 'Change in Useful Lives' summary file and the Continuity Schedule presented in Table above. Include the rationale for any differences and how the amounts were determined.

Elexicon

1-Staff-13
1508 Sub Account – Getting Ontario Connected Act (GOCA)
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix D, p. 40 of 61, Table 4.15

Question(s):

a. Please provide a detailed breakdown of the 2023 and 2024 locate costs related to Bill 93 and locate costs not related to Bill 93. For each category, please include the nature and description of the associated costs.

Incremental Capital Module (ICM) Request

1-Staff-14
Ref 1: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix A, Section 5, p. 21 of 24

Preamble:
Elexicon Energy proposes ICM rate riders on an interim basis using the half-year rule. If early rebasing is not approved, Elexicon Energy requests to update the rate riders to reflect the full-year rule.

Question(s):
a. Please explain how Elexicon Energy will recover any foregone revenue if early rebasing is not approved.
b. Please confirm whether Elexicon Energy will seek retroactive recovery of foregone revenue for 2026, and describe how this would be calculated and presented to the OEB.

1-Staff-15
Ref: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix A, Section 5, pp. 21-22 of 24

Preamble:
Elexicon Energy notes that it has not reflected recent changes to Capital Cost Allowance (CCA) tax rules in its ICM calculations and intends to track impacts in Account 1592.

Question(s):
a. Please confirm whether Elexicon Energy has quantified the impact of the CCA changes for the ICM projects.
b. If available, please provide the estimated impact on the revenue requirement.
c. Please confirm whether Elexicon Energy has recorded any entries in Account 1592 – PILs and Tax Variances – CCA Changes related to the ICM projects proposed in this application.

1-Staff-16
Ref: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix A, Section 5, pp. 23-24 of 24, Tables 10 and 11

Preamble:
Elexicon Energy proposes separate rate riders for Sandy Beach and Belleville DESN 2.

Question(s):
a. Please confirm whether Elexicon Energy intends to track revenues and costs separately for each ICM project.
b. Please provide the expected duration of the rate riders and confirm whether they will be adjusted if rebasing is delayed.

1-Staff-17
Ref: EE_2026_IRM Application_EB-2025-0046_20250715, Appendix A, Section 5, pp. 24 of 24

Preamble:
Elexicon Energy requests approval to record amounts in applicable Account 1508 sub-accounts for each ICM project.

Question(s):
a. Please identify the specific sub-accounts Elexicon Energy intends to use for each ICM project.
b. Please confirm whether Elexicon Energy will record actual capital expenditures and revenue collected separately for each project.

1-Staff-18
Ref 1: ACM ICM Models, Tab 5
Ref 2: APPL_Veridian_Chapter2_Appendices_for 2014_20131031_xlsm_20131031, Appendix 2-BA

Preamble:
Elexicon Energy's gross fixed assets (opening and closing balances), capital additions, accumulated depreciation (opening and closing balances), and depreciation expense used for rebasing in the ICM model do not align with the latest Appendix 2-BA fixed asset continuity schedule filed on the OEB's website. Additionally, the return on rate base differs between the 2026 IRM ($15,702,620) and the 2014 Cost of Service ($15,705,861).

Question(s):

a. Please provide the final Appendix 2-BA from Elexicon Energy's 2014 Cost of Service application that reconciles with the values used in Tab 5 of the ICM model.
b. Please explain the reason for the difference in return on rate base between the 2026 IRM and the 2014 Cost of Service application.

1-Staff-19
Ref: ACM ICM Models, Tab 9b

Preamble:
The useful lives used in Tab 9b (cell N103) for Belleville TS DESN 2 and Sandy Beach Station are 25 and 40 years, respectively. The CCA rates are 5% and 8% in Tab 9b (cell O103) for Belleville TS DESN 2 and Sandy Beach Station, respectively.

Question(s):

a. Please confirm that the useful lives for Belleville TS DESN 2 and Sandy Beach Station are 25 and 40 years, respectively.
b. Please confirm the CCA class for Belleville TS DESN 2 and Sandy Beach Station.
c. Please explain why these ICM assets have different useful lives and CCA classes.
d. Please confirm which USoAs these assets will be transferred to upon rebasing.

1-Staff-20
Incremental Capital Module – Sandy Beach – Transformer Delivery
Ref 1: Manager's Summary, pp. 63 and 67

Preamble:
Elexicon Energy states that it placed an order for replacement transformers through an RFP process in early 2024, with an expected delivery in August 2025.

Question(s):

a. Have the power transformers been delivered? If not, please provide the revised estimated delivery date.
b. Based on the expected date of delivery, Elexicon Energy states that 2026 is the earliest in-service date for the rebuild of the station. If the transformer delivery is delayed beyond August 2025, is there a date in which the transformers must be delivered to avoid delaying the in-service date of the project beyond 2026?

1Staff-21
Incremental Capital Module – Sandy Beach Station – Project Cost
Ref 1: Manager's Summary, p. 8 of 24

Preamble:
Elexicon Energy provided the following breakdown of the $9.7M project cost and the project timeline:

Item	Estimated Total ($CAD)
Equipment	$5,821,851
Labour	$1,459,200
Trucks/Vehicles	$144,096
Equipment Installations / Removal / Construction	$2,274,900
Total	**$9,700,047**

Task Name	Completion Date
Procurement and Delivery of Transformers	August 2025
Design Completion	January 2026
Contractor RFP Completion	March 2026
Construction Start	June 2026
Construction Completion	October 2026

Question(s):
a. Please provide a breakdown of the equipment cost, including the specific cost of the transformers.
b. Please confirm how many bids were received through the RFP process for the transformer replacement.
c. Was the RFP for the transformer replacement publicly posted or limited to pre-qualified vendors?
d. Please explain how the pricing proposed by the selected vendor compares to previous transformer procurements. Additionally, please describe the process and criteria Elexicon Energy used to determine that the selected pricing represents the most cost-effective option amongst the bids received.
e. Please explain the "Equipment Installations / Removal / Construction" costs and how these were estimated.
f. Please confirm whether the salvaged value of the decommissioned substation has been accounted for in the total project cost of the replacement substation. If so, please provide details on how it was incorporated. If not, please explain why it was excluded.

g. Please confirm the amount allocated to contingency costs.
h. Please explain how the labour costs were estimated and if they are consistent with union agreements and market rates.
i. Will the labour be completed by internal staff or external contractors? If any internal staff will be used, have these employees already been hired?
j. Based on previous substation upgrade projects, what has been the typical duration range (in months) for the construction phase?
k. Please provide the current progress for the project and confirm whether the project is on track to be in-service by October 2026.

1-Staff-22
Incremental Capital Module – Sandy Beach Station Upgrade - Substation Renewal Planning and Costs
Ref 1: Appendix A – Sandy Beach Station – Business Case, pp. 22-23
Ref 2: Appendix A – Sandy Beach Station – Business Case, p. 10

Question(s):

a. Please confirm the power rating of the new transformers.
b. Please provide a comprehensive overview of neighbouring substations in Elexicon Energy's distribution network including, but not limited to, the following for each substation:
    i. Current operating capacity
    ii. Peak demand history
    iii. Any reliability concerns
    iv. Forecasted load
c. At Reference 2, the application provides a map of Elexicon Energy's service area with the locations of substations. Please add the location of the feeders to this map for the neighbouring substations (i.e., Bay Ridges, Town Centre, Squires Beach) to the Sandy Beach Station. In addition, please confirm the scale of the map.
d. Did Elexicon Energy evaluate the option of supplying the load from Sandy Beach Station through neighbouring substations? If so, what were the considerations or reasons for proceeding or not proceeding with that option?
e. Please provide the load forecast completed to size the new transformers for this upgrade.
f. Please explain in detail the key assumptions that were incorporated into load forecast(s) completed in relation to this project (e.g., energy transition, electric vehicle adoption, distributed energy resources).
g. Beyond the project alternative comparative analysis provided at Reference 1, has a cost-benefit analysis been completed for the Sandy Beach Station upgrade? If

so, please provide a summary of key assumptions and findings, including any quantified benefits or avoided costs.

h. In the last cost of service application for the Veridian Connections Inc.,[1] the OEB approved a total of $3.15M[2] in capital costs related to substation transformer replacements. Given that base rates already include funding for transformer upgrades, please explain why incremental funding is being requested for the full scope of the current project. Specifically, how does the proposed project differ from or go beyond the scope of what was contemplated and funded in the previous cost of service application?
i. Please list the substation renewal/upgrade projects planned for 2025 and 2026.
j. Does Elexicon Energy anticipate a reduction in OM&A costs as a result of the Sandy Beach Station upgrade? If yes, please estimate the reduction.

1-Staff-23
Incremental Capital Module – 2026 Distribution System Plan CAPEX
Ref 1: Bellville ACM/ICM Model, Tab 9b, Cell M94
Ref 2: Sandy Beach ACM/ICM Model, Tab 9b, Cell M94
Ref 3: ICM Requests: Sandy Beach Station & Belleville DESN 2, pp. 19-20, Table 29

Preamble:
At Reference 3, the application includes the following table that outlines the changes in capital costs previously forecasted.

	(EB-2022-0024) PREVIOUS FORECAST		CURRENT PLAN (without ICMs)		VARIANCE	
NET	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**
03 - GENERAL PLANT	$ 3,747,000	$ 4,546,000	$ 6,807,852	$ 5,086,426	$ 3,060,852	$ 540,426
02 - SYSTEM ACCESS	$ 10,198,334	$11,138,334	$30,257,071	$21,783,457	$ 20,058,737	$10,645,123
01 - SYSTEM RENEWAL	$ 30,194,666	$19,474,344	$15,144,626	$11,236,567	$(15,050,040)	$ (8,237,777)
04 - SYSTEM SERVICE	$ 5,033,000	$10,723,000	$ 1,094,119	$ 5,845,249	$ (3,938,881)	$ (4,877,751)
SUBTOTAL	$ 49,173,000	$45,881,678	$53,303,668	$43,951,699	$ 4,130,668	$ (1,929,979)

Question(s):

a. The ACM/ICM worksheet (Tab 9b, Cell M94) for the Belleville DESN 2 project indicates that the 2026 capex is $67,499,041 for the materiality threshold calculation. Assuming this amount includes both the 2026 capital expenditures

[1] EB-2013-0174, Chapter 2 Appendices, Tab 2AA, Capital Projects
[2] $713,000 for the Greenwood Substation replacement and $2,434,500 for the Fairport Substation replacement

and the proposed cost of the Belleville DESN 2 project, the total 2026 capex excluding the ICM projects is $49,120,935 (= $67,499,041 – $18,378,106). Table 29 of the application (pages 54-55) lists the 2026 capex without the ICM project costs as $43,951,699. Please reconcile these amounts.

b. Please confirm where the values from column "(EB-2022-0024) Previous Forecast" are referenced in EB-2022-0024 and reconcile with part a) above.

1-Staff-24
Incremental Capital Module – Belleville DESN 2 – Payments
Ref 1: ICM Requests: Sandy Beach Station & Belleville DESN 2, pp. 10-11
Ref 2: Attachment C-2, Connection and Cost Recovery Agreement

Preamble:
Elexicon Energy states that the capital contribution payment schedule is as follows:

Payment Milestone	Elexicon Capital Contribution	Date Paid
1. Class 4 CCEA Advance Payment	$243,500 + HST	March 7, 2023
2. Engineering Design Agreement Advance Payment	$2,034,500 + HST	May 21, 2024
3. 30 Days Prior to Ready for Service Date	$16,159,400 + HST	To be paid 30 days prior to service

Question(s):

a. Please provide information on the source of funding for the two advance payments made in 2023 and 2024 noted in the table above.

b. The Connection and Cost Recovery Agreement states that Elexicon Energy and Hydro One Distribution have agreed to share the capacity of Belleville TS DESN 2 and the associated project costs, with Elexicon Energy covering 51% and Hydro One Distribution covering 49%, based on their respective capacity requirements. Please explain how this split was calculated.

1-Staff-25
Incremental Capital Module – Belleville DESN 2 – Load Forecast
Ref 1: Appendix C, Belleville DESN 2 – Business Case, p. 4
Ref 2: Appendix C, Belleville DESN 2 – Business Case, p. 5

Question(s):

a. Are there any large customer load projections included in the forecast supporting the Belleville DESN 2 investment? If so, please describe the basis for these projections, including any customer commitments or agreements that have been made to date and the expected load from each customer included in the forecast.
b. Elexicon Energy states that it will receive a capital contribution from one of its customers for $371,150 as calculated through an economic evaluation by Hydro One. Please confirm that this customer will also be responsible for its proportionate share of any true-up payments that may arise based on the actual materialized load.
c. At Reference 2, the application includes a table that shows the most recent load forecast for Belleville that Elexicon Energy submitted to Hydro One as part of its analysis. Please explain how the load forecast was developed.
d. Has Elexicon Energy completed an analysis of the financial impact in the event that the materialized load is significantly lower than what is currently forecasted for the Belleville DESN 2 project? If so, please explain the results of the analysis.
e. How does Elexicon Energy plan to protect ratepayers from the financial impact of any additional capital contributions that may arise if the anticipated load does not materialize as forecasted?

1-Staff-26
Incremental Capital Module – Belleville DESN 2 – Project Timeline
Ref 1: Appendix C, Belleville DESN 2 – Business Case, p. 10

Preamble:
The application includes the following project timeline for the Belleville DESN project.

Milestone/Activity	Date
Project Kick Off	April 2025
Engineering Completion	Q3 2025
Procurement of all items	Q4 2025
Construction Completion	December 2026
Project In-Service	December 2026

Question(s):
a. Please provide the current progress for the project and confirm whether the project is on schedule to be in-service by December 2026.

1-Staff-27
Sandy Beach Station Rebuild in Veridian Rate Zone: Transformer Failure
Ref 1: Manager's Summary, Appendix B, p. 4

Preamble:
At Reference 1, Elexicon Energy reported that the need to replace the Sandy Beach Station identified in 2022 following a series of equipment failures. On May 31, 2022, Transformer T2 experienced a failure that affected approximately 2,042 customers for a duration of 2.38 hours. Subsequently, on July 25, 2022, the station encountered another issue when the F1 Recloser associated with Transformer T1 failed during the re-energization process.

Question(s):
a. Please provide a report of the failures at the Sandy Beach Station, including the corresponding customer-hours of service disruption, root causes, and outage frequency for the period between 2022 and 2024.
b. Please provide a report comparing the failure rate of the Sandy Beach Station to the system-wide average failure rate across Elexicon Energy's other stations between 2022-2024.
c. Please confirm if the replacement project is part of Elexicon Energy's broader system upgrade or isolated to Sandy Beach Station?

d. Please provide details on the alternatives to a full station replacement that were considered, along with the rationale for why they were deemed insufficient.

1-Staff-28
DSP: Asset Condition Assessment Strategy and Load Demand Forecasting
Ref 1: Report of the Board: Renewed Regulatory Framework for Electricity Distributors, pp. 27-28 and 47
Ref 2: Elexicon Energy Distribution System Plan, p. 14

Preamble:
In Reference 1, the OEB's Renewed Regulatory Framework for Electricity introduces a performance-based approach to regulation, emphasizing long-term value for customers, operational efficiency, and alignment with public policy. The framework shifts focus from cost recovery to outcome-based planning and performance.

In Reference 2, Elexicon Energy's Distribution System Plan (2021-2026) outlines the utility's capital and operational investment strategies over the forecast period. Elexicon Energy explains that its planning approach integrates legacy data and methodologies from its predecessor utilities with insights developed since its merger in 2019.

The DSP focuses on three core areas:

1. **Asset Condition and Forecasting**: It assesses the current and projected state of Elexicon Energy's infrastructure, including asset health, performance, and utilization trends.
2. **Asset Management Framework**: It details the processes used to transform diverse data inputs into prioritized investment opportunities across asset categories.
3. **Lifecycle and Investment Planning**: It explains how asset management outputs inform lifecycle strategies and guide short- to medium-term capital planning.

Question(s):
a. Given that the Sandy Beach Station rebuild and Belleville DESN 2 are now the subject of two separate ICM requests, please clarify why these projects were not identified or scoped in the 2021-2026 Distribution System Plan which covers the same planning horizon.
b. Was the current condition or performance risk of the Sandy Beach Station and Belleville DESN 2 known or under review at the time the Distribution System Plan was filed? If so, what factors led to its exclusion from the Distribution System Plan's asset condition assessments or investment prioritization?

c. How does the proposed ICM investment for Sandy Beach Station and Belleville DESN 2 align with the asset management and investment prioritization framework outlined in the Distribution System Plan? Were these projects evaluated through the same criteria?

1-Staff-29
Asset Integrity Assessment Framework
Ref 1: Manager's Summary, Appendix B, p. 14
Ref 2: Manager's Summary, Appendix C, p. 3

Preamble:
In Reference 1, the existing Sandy Beach Station configuration reflects a legacy design and installation that no longer aligns with the current standards of Elexicon Energy and Hydro One. Specifically, the station operates above 10 MVA, which necessitates the implementation of differential protection under current protection standards.

In Reference 2, Elexicon Energy notes that it is facing urgent, near-term capacity challenges in the Belleville region. These challenges were identified through regional planning exercises conducted by the Independent Electricity System Operator and Hydro One. Forecasted load growth in the area is expected to exceed the available system capacity.

Question(s):
a. Please describe how Elexcon Energy's Asset Integrity Assessment Framework ensures comprehensive coverage of all critical infrastructure, including substations like the Sandy Beach Station, and the need for Belleville DESN 2.
b. What criteria are used to determine asset criticality and inclusion in the framework?
c. How does Elexicon Energy's framework identify assets at risk of failure or requiring major intervention?
d. What tools, technologies, or methodologies does Elexicon Energy use to monitor asset health and performance in real time or through periodic assessments?
e. How frequently are these assessments conducted, and how are results integrated into planning decisions?
f. What mechanisms are in place to ensure that maintenance and upgrades are planned proactively rather than reactively?
g. How does the framework balance preventive maintenance with capital rebuilds, and what thresholds trigger a shift from maintenance to full replacement?

1-Staff-30
Discrete Project and Unfunded Through Base Rates
Ref 1: Manager's Summary, Appendix A, pp. 17-19
Ref 2: Manager's Summary, pp. 20-21

Preamble:
In Reference 1, Elexicon Energy states that the ICM investments go beyond what current rates can cover, and the requested funding directly reflects the cost of each specific project.

In Reference 2, Elexicon Energy compares its Current Capital Plan to its Previous Plan[3] and highlights the following:

- Increased spending in System Access and General Plant:
  - Driven by customer growth, new connections, and IT/fleet investments
  - IT investment rose from $1.7M to $3.6M to support strategic initiatives like an Integrated Operations Centre
  - Fleet costs rose from $1.4M to $2.4M due to inflation and end-of-life replacements
- System Renewal budget reduced by $15M:
  - Projects were deferred or scaled back to prioritize System Access and IT needs.
- 2026 Plan shows similar trends:
  - System Access increased by $10.6M, mainly due to $10.8M in new feeder expansion projects.
  - General Plant increased by $540K, again due to fleet and IT needs.
  - System Renewal reduced by over $7M to accommodate these shifts.

Question(s):
a. Please provide a breakdown of how current base rates are allocated across capital programs, and explain why these allocations cannot accommodate the Sandy Beach Station and Belleville DESN 2 projects funding.
b. Given the $15M reduction in System Renewal spending, what analysis was conducted to determine that these deferred funds could not be redirected to partially support the ICM projects?
c. How does Elexicon Energy reconcile the emergence of these ICM projects with its previous capital planning forecasts, and what mechanisms are in place to improve responsiveness to regional planning updates?

[3] EB-2022-0024, Decision and Order - Phase 2, July 6,2023

d. What criteria were used to prioritize increased spending in System Access and General Plant over strategic infrastructure projects like the Sandy Beach Station and Belleville DESN 2?
e. What specific constraints prevented Elexicon Energy from reallocating funds from IT and fleet investments whose budgets increased significantly to partially fund the ICM projects?
f. To what extent did the $10.8M in feeder expansion projects displace funding that could have supported the ICM projects and was any cost-benefit analysis performed to evaluate trade-offs?
g. How does Elexicon Energy distinguish between strategic and mandatory investments in its capital planning, and why were the ICM projects not classified as mandatory despite their urgency?
h. Please complete Tables 3 and 4 in your response

Table 3: Actual Plan Without Incremental Capital Module

Investment Category	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026	Average 2022-2025
03- General Plant						
02- System Access						
01- System Renewal						
04- System Service						
Total increase/decrease before Proposed ICM						
Proposed ICM Investments						
Total Net						

Table 4: Funding Through Base Rates and ICM

Description	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026	Average 2022-2025
Funded through distribution Rates						
Funded Through ICM						
Total						

1-Staff-31
Implementation Feasibility Study
Ref 1: Manager's Summary, Appendix A, p. 5

Preamble:
In Reference 1, Elexicon Energy is seeking funding for two critical infrastructure projects: a capital contribution to Hydro One for the construction of Belleville DESN 2, and the rebuilding of the Sandy Beach Station. These investments are identified as

being essential to maintaining reliable service and meeting current and future load growth. They are also noted as addressing urgent issues, including deteriorating and high-risk assets in Pickering and immediate capacity constraints in Belleville DESN2.

Question(s):

a. What load forecast and capacity studies support the conclusion that a new DESN station is required in Belleville?
b. Were other capacity expansion options such as upgrading existing infrastructure, adding feeders, partial refurbishment, asset life extension, or using mobile substations considered and ruled out? If so, please explain why.
c. What alternatives were evaluated in terms of cost, implementation timeline, and long-term scalability?
d. Was a study carried out to assess regional coordination options with Hydro One or other utilities to share infrastructure or defer investment?
e. How does the proposed DESN 2 align with regional planning outcomes, and what evidence supports its necessity over other options?
f. Did Elexicon Energy carry out a study to consider non-infrastructure solutions such as demand-side management or distributed energy resources to reduce the need for a full rebuild? If so, please explain why these alternatives were not pursued.

1-Staff-32
CCA Rule Change
Ref 1: Manager's Summary, p.27
Ref 2: EE_VRZ_2026_Belleville_ACM_ICM_Model_20250715
Ref 3: EE_VRZ_2026_Sandy Beach_ACM_ICM_Model_20250715

Preamble:
Elexicon Energy states that Account 1592 – PILs and Tax Variances was established to capture the financial impact of legislative or regulatory changes to tax rates or rules that differ from those assumed in the OEB's Tax Model used for rate-setting. In line with the OEB's July 25, 2019 letter, Elexicon Energy states that it has recorded the impacts of CCA rule changes, effective November 21, 2018, in the sub-account for CCA Changes, and stated that it will present these amounts for review and disposition at rebasing. Additionally, Elexicon Energy states that it is not eligible for the small business deduction, as its taxable capital, including associated corporations, exceeds $50 million.

Question(s):

a. Please confirm that for the Sandy Beach Station and Belleville DESN 2 projects, accelerated CCA has not been reflected in the ICM PILs calculations and that

any impacts will be recorded in Account 1592 PILs and Tax Variances – CCA Changes. If not confirmed, please explain.

b. Please confirm whether the CCA rates used in the ICM PILs calculations align with the actual CCA rates expected to be claimed for these projects. If not confirmed, please explain and provide the expected rates.
c. Please provide the calculation of the incremental revenue requirement for the Sandy Beach and Belleville DESN 2 ICM projects if accelerated CCA is reflected.
d. Please comment on whether the inclusion of accelerated CCA materially affects the revenue requirement and whether it influences the justification for ICM funding.

1-Staff-33
Application of Half Year Rule
Ref 1: Manager's Summary, Appendix A, pp. 21-22
Ref 2: EE_VRZ_2026_Belleville_ACM_ICM_Model_20250715
Ref 3: EE_VRZ_2026_Sandy Beach_ACM_ICM_Model_20250715

Preamble:
Elexicon Energy notified the OEB of its intent to file a rebasing application for rates effective January 1, 2027, and is requesting that ICM rate riders be implemented using the Half-Year Rule on an interim basis, becoming final if early rebasing is approved. If rebasing is not approved, Elexicon Energy seeks to revise the riders using the Full-Year Rule, recover any foregone 2026 revenue, and include undepreciated asset amounts in its 2027 rate base, while also committing to record impacts from recent CCA rule changes in Account 1592 – PILs and Tax Variances.

Question(s):
a. Please confirm that the Half-Year Rule has been applied to all ICM rate rider calculations for the Sandy Beach Station and Belleville DESN 2 projects. If not confirmed, please explain.
b. What is the rationale for applying the Half-Year Rule in this application, and how does it align with OEB policy and past practice.
c. What is the estimated impact of applying the Half-Year Rule on the annual revenue requirement for each ICM project? Please provide a comparison with the full-year rule.
d. How does the Half-Year Rule affect the calculation of depreciation expense in the ICM revenue requirement? Please provide supporting details.

1-Staff-34
Sandy Beach Station Current Vs Proposed Location
Ref 1: Manager's Summary, p. 6
Ref 2: Manager's Summary, p. 9

Preamble:
In Reference 1, Elexicon Energy notes that it will rebuild the Sandy Beach Station at its current location, but with a redesigned configuration to address existing reliability and asset condition issues. Although relocating the station slightly eastward was considered, the need to acquire land and the resulting delays were deemed impractical, especially given the urgency to replace a station at risk of failure.

In Reference 2, the existing Sandy Beach Station is identified as being located directly beneath Hydro One's transmission lines, which limits accessibility for maintenance and upgrades. This location presents logistical challenges and increases the complexity of any work performed on the station, contributing to operational inefficiencies and long-term reliability concerns.

Question(s):
a. Given the known limitations of the current site, how did Elexicon Energy assess the long-term viability of rebuilding the Sandy Beach Station at the same location?
b. What specific criteria were used to evaluate alternative site options, and why was the nearby eastern location ultimately ruled out despite offering improved accessibility?
c. Was a cost-benefit analysis conducted comparing the current site rebuild versus relocation, including land acquisition, construction delays, and long-term operational efficiency? If so, please provide details of such analysis and the reasoning for rebuilding on the same site.
d. What design or operational changes are being implemented in the rebuild to mitigate the accessibility challenges posed by the transmission lines?
e. Has Elexicon Energy engaged with Hydro One to explore options for improving access or modifying transmission infrastructure to support safer and more efficient maintenance?

1-Staff-35
Summary of Asset Condition and Risks at Sandy Beach Station
Ref 1: Manager's Summary, pp. 11-13

Preamble:
In Reference 1, Elexicon Energy states that many assets at the Sandy Beach Station are either at or approaching end-of-life, resulting in elevated risk of failure and reduced site reliability. Notably, Transformer T2 is currently installed on a temporary wood structure, which was never intended as a permanent solution.

Question(s):

a. Please identify any assets or components from the Sandy Beach Station that are salvageable, reusable, or saleable to offset the cost of building the new station.
b. Have you conducted a salvage value assessment or marketability study for these assets? If so, please provide copies of this assessment / study. If not, please explain why such assessment / study was not conducted.
c. What maintenance activities have been performed on these assets in the last four years?
d. Please reproduce Table 5 below with data for the years of 2021 to 2024

Table 5: Elexicon Energy 2025 Asset Condition Summary

S/N	Asset Class	Asset ID	HI (%) 2021	HI (%) 2022	HI (%) 2023	HI (%) 2024
1	Cable	STN_CABLE-Sandy Beach_F1				
2	Cable	STN_CABLE-Sandy Beach_F2				
3	Cable	STN_CABLE-Sandy Beach_Secondary				
4	Cable	STN_CABLE-Sandy Beach_T1 Primary				
5	Cable	STN_CABLE-Sandy Beach_T2 Primary				
6	Battery	Battery Battery -Sandy Beach				
7	Recloser	CB-Sandy BeachSANDF1				
8	Recloser	CB-Sandy BeachSANDF2				
9	Recloser	CB-Sandy BeachSANDF5				
10	Recloser	CB-Sandy BeachSANDF6				
11	Power Transformer	SANDY BEACH-T1				
12	Power Transformer	SANDY BEACH-T2				

13	Switch	STN_SW-Sandy Beach_7B1-B2				
14	Switch	STN_SW-Sandy Beach_7T1-B1				
15	Switch	STN_SW-Sandy Beach_7T1-L				
16	Switch	STN_SW-Sandy Beach_7T2-B2				
17	Switch	STN_SW-Sandy Beach_7T2-L				

1-Staff-36
Underground Vs Overhead Cables
Ref 1: Manager's Summary, Appendix B, p. 19
Ref 2: Ontario Regulation 22/04

Preamble:
Elexicon Energy states that the new substation will use underground cables to enhance reliability, safety, and visual appeal. These cables offer improved insulation, reducing failure risk and ensuring compatibility with current standards for easier replacement.

In Reference 2, Ontario Regulation 22/04 does not prescribe a preference for underground or overhead cables. However, it requires that all distribution lines regardless of type be properly maintained and equipped with barriers to prevent unauthorized contact with energized components.

Question(s):
a. What specific site conditions or operational requirements influenced the decision to use underground cables at the Sandy Beach Station?
b. How does Elexicon Energy justify the higher capital investment in underground infrastructure given the known cost differential?
c. What long-term maintenance or reliability advantages are expected from underground cables in this location?
d. Was stakeholder or municipal input considered in selecting underground over overhead transmission? If so, please explain how it informed Elexicon Energy's decision-making process.
e. Was a cost-benefit analysis conducted comparing underground and overhead cable installations? If so, what were the key findings?

1-Staff-37
Sandy Beach Station: Project Alternative Comparative Analysis
Ref 1: Manager's Summary, Appendix B, pp. 21-22

Preamble:
In Reference 1, Elexicon Energy states that rebuilding the Sandy Beach Station is the preferred option as it comprehensively addresses existing infrastructure challenges, mitigates environmental risks, and incorporates modern technologies to enhance performance. Elexicon Energy also notes that this approach aligns with customer expectations for reliable service and reflects a long-term commitment to infrastructure investment.

Question(s):
a. What specific technical, financial, or operational factors influenced Elexicon Energy's decision to select the full rebuild of the Sandy Beach Station as the preferred option?
b. What long-term cost savings are expected from rebuilding versus maintaining the existing infrastructure?
c. Was a lifecycle cost analysis conducted for each scenario?
d. What specific reliability or safety improvements will the rebuild deliver compared to the current setup?

1-Staff-38
Elexicon Energy's Total Budget
Ref 1: Manager's Summary, Attachment C-2.

Preamble:
Elexicon Energy states that the Sandy Beach Station and the Belleville DESN 2 contribution meet Elexicon Energy's materiality threshold when compared to its net capital in-service additions. Elexicon Energy also states that the Sandy Beach Station accounts for approximately 14% and Belleville DESN 2 for 26% of Elexicon Energy's total 2026 capital expenditure forecast, representing a combined 40% of the 2026 in-service additions. When excluding ICM-related capital expenditures, the Sandy Beach Station comprises roughly 22% and the Belleville DESN 2 approximately 42%, while together, represent about 64% of the non-ICM in-service additions for 2026.

Question(s):
a. What is the total capital budget for 2026 that Elexicon Energy is using as the basis for its materiality assessment?

b. What is the total forecast for in-service additions in 2026, both including and excluding ICM-related expenditures?
c. Please provide a breakdown of the capital expenditure forecast by project or investment category.
d. What specific criteria does Elexicon Energy use to determine materiality for ICM applications?
e. How does Elexicon Energy define and calculate “net capital in-service additions” for the purpose of ICM eligibility?

1-Staff-39
Connection and Cost Recovery Agreement
Ref 1: Manager’s Summary, p. 16

Preamble:
Elexicon Energy states that it has entered into a Connection Cost Recovery Agreement with Hydro One to jointly develop a new 230/44kV DESN transformer station, Belleville TS DESN 2, at the existing Belleville TS site. This initiative is intended to support forecasted load growth and alleviate system constraints in the Belleville area. Under the agreement, Elexicon Energy will assume 51% of the project costs, with Hydro One Distribution covering the remaining 49%. The agreement incorporates Hydro One’s Standard Terms and Conditions and outlines a 25-year term from the in-service date, subject to early termination provisions. Elexicon Energy is required to execute the agreement and make initial payments by February 21, 2025, to maintain the project timeline.

Question(s):
a. How was the 51% cost allocation to Elexicon Energy determined? Is it based on peak demand, energy consumption, or another metric?
b. How does Elexicon Energy plan to reconcile actual vs. estimated costs, especially given the AACE Class 3/4 estimates and the risk of cost overruns?
c. How will Elexicon Energy treat the advance payments made under the CCEAs and the Engineering Design Agreement in its rate base?
d. What are the contingency plans if the scope of work changes materially or if the in-service date is delayed?
e. How will Elexicon Energy manage the risk of Premium Costs due to overtime work during outages?

1-Staff-40
Billing Determinants for Deferral and Variance Accounts (Tab 4)
Ref 1: EE_WRZ_2026_IRM_Rate_Generator_Model_20250715
Ref 2: EE_VRZ_2026_IRM_Rate_Generator_Model_20250715

Preamble:
In References 1 and 2, Elexicon Energy populates Tab 4 of the Rate Generator Model for the Veridian Rate Zone and Whitby Rate Zone using the most recent RRR data, but did not confirm the accuracy as required.

Question(s):

a. Please provide confirmation that the data used in Tab 4 of the Rate Generator Model for each rate zone is accurate and aligns with Elexicon Energy's latest RRR submission. If not, please identify and explain any changes.

1-Staff-41
Ref 1: Rate Generator Model, Continuity Schedule (Tab 3)

Preamble:
On September 11, 2025, the OEB published the 2025 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(s):

a. Please confirm that Tab 3 (Continuity Schedule) of the Rate Generator Model for each rate zone reflects the Quarter 4 2025 OEB-prescribed interest rate of 2.91%. If not, please update, as necessary.