



October 3, 2025

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

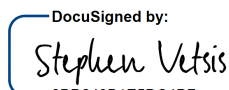
Dear Ms. Marconi:

**Re: EB-2025-0046 – Elexicon Energy Inc. (“Elexicon”) IRM
Application Responses to Interrogatories (“IRs”)**

Pursuant to the Procedural Order dated September 3, 2025, and the email dated September 18, 2025, please find enclosed Elexicon’s Responses to the questions provided by the Consumers Council of Canada (“CCC”).

All interrogatory responses will be filed through the OEB’s web portal (“RESS”).

Please contact Erin Stevens by phone at (289 355 9390) or by e-mail at estevens@elexiconenergy.com if you have any questions.

DocuSigned by:

9BD249B1E5DC4D7...

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

cc: Oluwole Bibiresanmi (Wolly), Oluwole.Bibiresanmi@oeb.ca,
Michael Millar, Michael.Millar@oeb.ca

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-1

Reference: Application

Please provide all materials provide to Elexicon Energy's Board of Directors and Senior Management regarding the two ICM requests. Please indicate when these two requests were approved by the Board of Directors. Please describe the relative roles of Elexicon Energy Inc.'s Board of Directors and Elexicon Corporation. Please describe the extent to which Elexicon Corporation's Board of Directors has been involved in this Application.

RESPONSE:

There are no materials that have been provided to senior management that are not included in the business cases included in this application.

Elexicon Corporation is the parent company which solely owns the regulated distributor, Elexicon Energy Inc. as well as the unregulated affiliate Elexicon Group. At the time the two ICM requests were being considered by the Board, the Elexicon Corporation Board of Directors ("EC Board") was responsible for the overall governance of Elexicon Corporation and its subsidiaries. Elexicon Energy Inc.'s Board of Directors ("EE Board") was responsible for governance and oversight of operational aspects of the regulated business. The EE Board reports into the EC Board, which approves Elexicon's financial plan.

The EE Board and EC Board did not specifically approve the ICM application. The role of the Board of Directors is to provide overall governance including approval of the plan for the organization and associated OM&A and capital spend.

1 Details relating to the two ICM funding requests were included in general updates regarding
2 Elexicon's 2026 IRM application provided to Elexicon Energy Inc.'s Board in Q1, Q2 and
3 Q3 2025 are included in Attachments 1-3 to this response, respectively.

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5 The above represents the governance structure in place at the time the ICM application
6 was being prepared and filed. Elexicon's governance structure will change as of December
7 2025. These changes will be presented in Elexicon's forthcoming rebasing application.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-2

Reference: Application, p.8

Please explain the extent to which Elexicon considered rate impacts in developing its Application. If rate impacts were considered, please explain how they were considered.

RESPONSE:

Elexicon considered rate impacts over a broader period in developing its rate application. Approval of the requests, as filed, will have the impact of mitigating overall rate increases for Elexicon's customers over multiple years.

Elexicon is currently under-earning by more than 300 basis points on its ROE and anticipates a continued revenue deficiency at the time of rebasing in 2027.

Disposing of Group 2 accounts prior to rebasing will have the two-fold benefit of smoothing future rate increases between now and 2027, along with providing a negative offset when the Group 2 rate riders expire on December 31, 2026. Further benefits of Group 2 disposition are highlighted on page 8 of Appendix D of the Application.

The timing of the ICM projects in 2026 was driven by urgent needs which cannot be deferred namely: (i) anticipated capacity constraints in Belleville and (ii) addressing risk of a temporary installation in the Sandy Beach TS.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY CCC-3

Reference: Application, p. 8

Please provide the 2026 distribution rate increases for the Residential Class in each rate zone including the impacts of the ICMs and Group 2 and Group 1 rate riders. How much of the increase is related to each of the ICM riders and how much is related to the Group 2 and Group 1 riders? How much is related to the inflationary adjustment?

RESPONSE:

Below is the 2026 distribution rate increases for the Residential Class in each rate zone broken down by the impact of the inflationary adjustment, Group 1, Group 2 and each ICM (as applicable).

Veridian Rate Zone	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill with ICM & Group 2 Rate Riders	
Customer Class	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Service charge/ Network Connection	\$ 1.08	3.2%	\$ 1.08	2.8%	\$ 1.32	2.4%	\$ 1.31	1.0%
Group 1	\$ -	0.0%	-\$ 0.60	-1.5%	-\$ 0.60	-1.1%	-\$ 0.60	-0.4%
Group 2	\$ 2.34	6.9%	\$ 4.90	12.5%	\$ 4.90	9.1%	\$ 4.90	3.7%
ICM - Sandy Beach	\$ 0.19	0.6%	\$ 0.19	0.5%	\$ 0.19	0.4%	\$ 0.19	0.1%
ICM - Belleville	\$ 0.48	1.4%	\$ 0.48	1.2%	\$ 0.48	0.9%	\$ 0.48	0.4%
Residential Total	\$ 4.09	12.0%	\$ 6.05	15.4%	\$ 6.29	11.6%	\$ 6.28	4.7%

Whitby Rate Zone	A Distribution Charges (excluding pass through)		B Distribution Charges (including pass through)		C Delivery (including Sub-Total B)		Total Bill with ICM & Group 2 Rate Riders	
Customer Class	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Service charge/ Network Connection	\$ 1.27	3.4%	\$ 1.27	3.0%	\$ 0.72	1.2%	\$ 0.72	0.5%
Group 2	\$ 1.42	3.7%	\$ 0.82	1.9%	\$ 0.82	1.3%	\$ 0.82	0.6%
Residential Total	\$ 2.69	7.1%	\$ 2.09	4.9%	\$ 1.54	2.5%	\$ 1.54	1.1%

RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES

INTERROGATORY CCC-4

Reference: Appendix A, p. 7

Elexicon had intended to replace the Sandy Beach station in 2023 but because lead times for transformers are two to three years Elexicon did not. Please describe the RFP process that Elexicon undertook.

RESPONSE:

See response to Staff-21 (d).

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-5

Reference: Appendix A, p. 8

Table 2 sets out the projected cost estimate for the Sandy Beach Project:

a) Is this the most updated cost estimate? If not, please provide the most current estimate;

b) Did Elexicon develop this cost estimate internally or did Elexicon rely on external consultants? If Elexicon relied on consultants please provide any relevant reports;

c) For each cost item please specify how each of those cost estimates were derived;

d) For each of the cost items what is the range of variability?

RESPONSE:

a) Yes, the \$9.7M is the most up to date cost estimate.

b) Elexicon developed this cost estimate internally.

c) See responses in Staff-21 e).

d) See response to Staff-21 g).

Responses TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES

INTERROGATORY CCC-6

Reference: Appendix A, p. 8

Table 3 sets out the implementation plan for the Sandy Beach Project. Is this the most updated implementation plan? If not, please provide the most current plan. Specifically have the transformers been delivered? If not, when are they expected to be delivered? Please indicate all factors that could lead to an in-service date beyond Q4 2026.

RESPONSE:

The Sandy Beach Project Implementation Plan set out in Table 3 is still the most accurate plan. The transformers have been manufactured and are currently in storage until construction starts. All major equipment with long-lead delivery times have been ordered. Elexicon is not anticipating any delays to the in-service date given the current state of this project. Emerging issues on the project will be actively monitored and managed to mitigate the risk.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-7

Reference: Appendix A, p. 10

The evidence states that, “In the part of the Belleville region served by Elexicon, capacity constraints were identified during the IESO’s regional planning process. The projected peak load in 2025 for this part of Elexicon’s service territory is expected to exceed the current capacity available (approximately 110 MW for Elexicon only) for the region.” In addition, “There is an immediate need for additional transformation capacity at Belleville TS to ensure Elexicon can service the commercial load for the region.”:

- a) When, specifically, were the capacity constraints identified by the IESO?;
- b) How was the 110 MW derived?

RESPONSE:

a) The capacity constraints at Belleville TS were identified during the third cycle of the Peterborough to Kingston Integrated Regional Resource Planning (IRRP) process, which concluded with the publication of the IRRP report on November 4, 2021.

b) Hydro One calculated the allocated capacity of 110 MW for Elexicon at Belleville DESN 1 using a combination of the historical peak loads and total station capacity.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-8

Reference: Appendix A, p. 10

With respect to the Belleville DESN 2 Project please indicate which regional planning process determined that the DESN station is “the most cost-effective solution”.

RESPONSE:

The determination that Belleville DESN 2 is the most cost-effective solution was made during the 2022 Peterborough to Kingston Regional Infrastructure Plan (RIP) led by Hydro One. Please refer to Appendix C Belleville DESN 2 Business Case, Section 4: Project Alternatives, and Attachment C-3, 2022 Peterborough to Kingston RIP, Section 7.3.2.

RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES

INTERROGATORY CCC-9

Reference: Appendix A, p. 11

Table 6 sets out the Belleville DESN 2 Project Implementation Plan. Is this the most updated implementation plan? If not, please provide the most current plan. Please list all of the factors that could impact the construction completion and the project in-service date.

RESPONSE:

Please refer to Elexicon's response to question VECC-31 d) for the Project Status Report – 2025 Q3, which is the most recent update on Belleville DESN 2 from Hydro One.

Milestone/Activity	Date
Project Kick Off	Completed in April 2025
Engineering Completion	Q4 2025
Procurement of all items	Q4 2025
Construction Completion	September 2026
Ready for Service	September 2026
Project In-Service	December 2026

Major equipment delays impacting the schedule would be the greatest risk to the project in-service date. However, the transformers have been delivered to the site, and the project is on schedule to be in-service December 2026.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-10

Reference: Appendix A, p. 16

Of the total capital forecast for 2026, Elexicon's combined ICM in-service additions total \$28.1 million which accounts for approximately 40% of Elexicon's 2026 capital in-service additions and has significant influence on Elexicon's operations. In light of this significant request, why did Elexicon not request a rebasing for 2026? Why should ratepayers continue to fund incremental capital requests that are so significant without simultaneously sharing in consolidation benefits?

RESPONSE:

Should an early rebasing application be accepted by the OEB, Elexicon will be rebasing two years earlier than scheduled. The Application complies with the OEB's *Handbook to Electricity Distributor and Transmitter Consolidations* and meets the legal test in the *Incremental Capital Module* policy.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-11

Reference: Appendix A, p. 18

The evidence states that proceeding with the Sandy Beach rebuild in 2026 was deemed the most prudent option given the station's operational risks will persist until replacement. Why did Elexicon not bring an application for an ICM for this project earlier? Was it solely because of the lead time to get transformers?

RESPONSE:

The timing of Elexicon's ICM application for funding for the Sandy Beach station for 2026 rates represents the earliest timing possible that is in alignment with OEB requirements that projects must be put into service the year the funding is received. OEB policy on ICMs states that "Funding shall not commence for any projects that are not forecasted to be in service during the subject IR year."¹

Delay in receipt of materials or equipment delays the construction of a given project. The timing of the application was to ensure that the project could be constructed and placed into service the year the funding is to be received.

¹ EB-2014-0219, *Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*. September 18, 2014. Page 13.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-12

Reference: Appendix A, p. 19

Please explain how the two ICM projects that were not identified in Elexicon's 2021 DSP can suddenly emerge as "immediate priorities".

RESPONSE:

The decision to recommend the installation of the second DESN in Belleville was determined at the Regional Planning level, the findings of which were released in November of 2021, after the filing of the 2021 DSP in April of 2021. See Appendix C-4, Peterborough to Kingston Integrated Regional Resource Plan, section entitled "Build a new 230 kV DESN transformer station at Belleville TS and monitor load growth" at page 46.

Planned capital rebuilds are determined by a variety of factors within the asset management prioritization framework. In 2020, when the DSP was being prepared, the Sandy Beach station was not identified as a priority project. The Sandy Beach station experienced two asset failures in 2022 (see Sandy Beach Business Case, paragraphs 25 to 26), and the station was identified in 2023 as a high priority project. See response to CCC-17.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-13

Reference: Appendix A, p. 21

Elexicon provided a letter to the OEB on April 15, 2025, that it would be filing a rebasing application for rates effective January 1, 2027:

a) Please file that letter;

b) What would be Elexicon's filing date if it were not pursuing an early rebasing?;

c) What are Elexicon's current plans with respect to its rebasing Application?;

d) Please list all of the reasons that Elexicon is filing an early rebasing application;

e) Please provide Elexicon's approved and actual ROE for the past 5 years (2020-2024)

RESPONSE:

a) See attachment: Elexicon Letter to OEB, April 15 2025. Elexicon filed this letter with the OEB's Registrar on April 15, 2025.

b) Elexicon is in a 10-year deferred rebasing period which is scheduled to end at the end of 2028 with 2029 being the rebasing year. Elexicon's application would need to be filed in Q4 2027/Q1 2028 if it were not pursuing early rebasing.

c) Elexicon plans to file its early rebasing application (ERA) before the end of 2025. Elexicon will be requesting rates effective January 1, 2027.

d) See item "a", above. As noted in the letter, Elexicon is seeking early rebasing to meet the needs of rapid growth and economic development across Elexicon's service

1 territory. Detailed reasons and supporting evidence regarding the need for early
2 rebasing will be provided as part of that application.

3 e) Elexicon's approved deemed ROE is 9.43%. For actual ROE see SEC-6.

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CCC-13 a) Attachment:

Elexicon's letter to the OEB, April 15
2025



April 15, 2025

Via e-mail

Nancy Marconi
Registrar - Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Suite 2700, Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: Letter Advising of Elexicon Energy Inc.'s Intent to Rebase Rates Effective January 1, 2027

This letter is to advise the Ontario Energy Board (the "OEB") that Elexicon Energy Inc. ("Elexicon") intends to file an application in the fourth quarter of this year to rebase its rates effective January 1, 2027. The form of incentive rate application that will be filed remains to be decided.

Elexicon is currently under a ten-year deferred rebasing period subsequent to the merger of Veridian Connections Inc. and Whitby Hydro Electric Corporation approved by the OEB in EB-2018-0236. While the deferred rebasing period ends in 2029, Elexicon faces significant challenges unknown at the time of consolidation that have adversely affected Elexicon's ability to adequately manage its obligations within existing rates for the remainder of its rate period.

Elexicon's challenges include rapid growth and economic development across Elexicon's service territory. From 2018 to 2024 Elexicon's system access expenditures have doubled due to the need to invest in system expansion to facilitate connections and accommodate growing demand, as well as in externally initiated plant relocations to enable transit, roadworks, and other infrastructure projects. Growth is expected to remain strong.

The financial consequences of these and other challenges have impacted Elexicon's ability to earn the allowed return on equity (ROE). Over 2022 and 2023 the achieved ROE has fallen below the 300-basis points early rebasing threshold identified by the OEB. Elexicon expects this profitability trend to also be reflected in the 2024 results, which will be reported to the OEB later this month. If Elexicon is not able to rebase, this negative financial trend will be further exacerbated in the coming years, as the utility must continue to invest in the grid to address the growth challenges and system needs it faces and ensure that customers in one of the fastest growing service territories in Ontario are not underserved.

We trust that this letter provides the OEB satisfactory notice of Elexicon's intention to rebase early. In its application, Elexicon will file detailed evidence regarding the changing business circumstances and challenges that the utility faces.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Original signed by

Stephen Vetsis
Vice President, Regulatory Affairs and Stakeholder Relations
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**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-14

Reference: Appendix A, p. 22

Please explain why it is appropriate for Elexicon to apply the full-year rule for 2026 if the OEB does not approve the proposal for early rebasing. Please explain the accounting proposed for the interim rate riders. When would the interim rate riders become final under Elexicon's proposal?

RESPONSE:

Elexicon is currently in a deferred rebasing period until December 31 2028. Elexicon will be filing an early rebasing application in Q4 2025 for January 1 2027 rates. Per Section 3.3.2.4 of the OEB's Filing Requirements for Electricity Distributor Rate Applications, dated June 19, 2025, "the OEB's approach in decisions has been to apply the half-year rule in cases in which the ICM request coincides with the final year of a distributor's IRM plan term." Under its current deferred rebasing period, Elexicon's test year would be 2029.

If Elexicon's early rebasing application is approved, its rebasing year becomes 2027, meaning that ICM funding for 2026 is limited to a half-year's revenue requirement. Under this scenario, 2026 interim rates would be approved as final once the OEB confirms Elexicon's request for early rebasing.

However, if Elexicon's early rebasing application is not approved, the final year of Elexicon's IRM term would continue to be 2028. Therefore, updating the ICM riders to reflect the full-year rule would be necessary to align with OEB policy. Under this scenario, the ICM riders on Elexicon's 2027 tariff would be updated to reflect the full-year rule and approved on a final basis until the time of Elexicon's next rebasing application. Elexicon would also seek foregone revenue as discussed in response to Staff-14.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-15

Reference: Appendix B, p. 4

What was the condition of the assets in 2022 when the Sandy Beach station experienced multiple failures? Have there been any other failures since 2022?

RESPONSE:

Elexicon's 2022 asset condition assessment indicated that Transformer T2 was in poor condition, Transformer T1 was in good condition, and Recloser F2 was in fair condition. See also, response to CCC-17.

No additional failures have occurred at this station since the two incidents in 2022.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-16

Reference: Appendix B, p. 5

The total cost of the project is estimated to be \$9.7 million. This has been characterized as a Class 3 Estimate. Please explain what a Class 3 estimate is. Will there be another estimate provided? If not, why not?

RESPONSE:

See Appendix B Sandy Beach Business Case, page 7, Footnote 2: Class 3 Estimate. (-15% to +20%).

A Class 2 estimate (-15% to +10%) is scheduled for release in 2026 and will be available once all quotations have been received, contracts are finalized, and the design has reached 90% completion.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY CCC-17

Reference: Appendix B, pp. 5-6

Elexicon has indicated that the Sandy Beach Project is essential for addressing critical factors affecting the existing substation's operational efficiency, safety and reliability.

These factors

include:

a) Many assets are at or near end of life and are at risk of failure if replaced;

b) The temporary Transformer T2 is currently installed on a temporary wood structure that is not ideal or sustainable for the substation's safety and long-term viability;

c) Oil is weeping on the transformer which impacts the performance and condition of the asset and poses an environmental risk;

d) The current configuration of the station, which is an open bus design poses a safety risk to staff;

e) The spare transformer is undersized by 3MVA constraining capacity as well as requiring extra cooling;

f) There are some components that are original assets which do not meet current standards;

g) Maintenance costs are forecast to increase if the issues are not addressed;

h) The substation is situated beneath HONI transmission lines, making it inaccessible for cranes and heavy machinery limiting Elexicon's ability to safely carry out maintenance and

1 testing.

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3 In light of all these factors did Elexicon consider replacing the station prior to the failures in
4 2022? If not, why not? If so, why was the station not replaced?

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6 **RESPONSE:**

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8 Elexicon did not identify an urgent need to rebuild the Sandy Beach Station prior to the
9 transformer failure in May 2022. Asset condition assessment results prior to 2022 indicated
10 the health index for Sandy Beach station to be 'Fair', and it was not identified for replacement
11 in the 2021 DSP. The Asset Condition Assessment results in May 2022 identified the Sandy
12 Beach T2 transformer as being in poor condition and the T2 transformer subsequently failed
13 shortly thereafter, prior to any investment or renewal planning for the station had been
14 initiated.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-18

Reference: Appendix B, pp. 5-6

Does Elexicon have any other substations that are in relatively in the same state as the Sandy Beach Station? Does Elexicon plan on replacing any other stations in the near future? If so, please identify those stations.

RESPONSE:

Substations in Elexicon's service territory are prioritized for execution given the potential failure risks due to the condition and age of substation assets. The prioritized list of substation renewal projects will be identified within the Early Rebasing Application, scheduled to be filed later this year. That application will detail Elexicon's substation renewal plans for 2027 to 2031.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY CCC-19

Reference: Appendix B, p. 24

The HV switchgear RFP was issued on March 13, 2025, with bids received on April 10, 2025 and it is expected to be delivered by June 2026. Please describe the RFP process that Elexicon undertook with respect to the HV switchgear.

RESPONSE:

See Elexicon's response to Staff-21 d) for discussion of Elexicon's procurement process. The HV Switchgear procurement followed a typical Request for Proposal (RFP) process:

- Issuance of a formal document outlining the scope, specifications, and requirements for a particular procurement need.
- Vendors are invited to submit bids by a specified closing date.
- Once the RFP closes, all submissions are reviewed for completeness and evaluated against technical and commercial criteria to ensure compliance with the stated requirements.
- Proposals that meet the specifications without material deviations are considered technically acceptable.
- Following the evaluation, a recommendation is made, and the contract is awarded to the most suitable bidder within an anticipated timeframe.

This process ensures transparency, competitiveness, and alignment with organizational goals.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-20

Reference: Appendix C, p. 4

The projected load in the Belleville region that is served by Belleville TS DESN 1 is expected to exceed the capacity available. Hydro One will construct a new DESN at Belleville TS that will be designated Belleville TS DESN 2. The need and impact of the project was developed through the third cycle of the Peterborough to Kingston Regional Planning process which began in September 2024. The station was projected to exceed its capacity as early as 2025. This includes committed large industrial load along with general customer growth and electrification initiatives. To ensure Elexicon can accommodate current and increasing commercial demand within its service territory, additional transformation capacity at Belleville TS was identified as being urgently needed.

a) Has the station exceeded its capacity?;

b) To what extent is this project driven by general customer growth and electrification?;

c) To what extent is this project driven by the committed large industrial load?;

d) To what extent is this project to accommodate current and increasing commercial demand?;

e) How are the overall costs (\$18,749,256) for the capital contribution being allocated to each of the rate classes?

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RESPONSE:

- a) Elexicon exceeded its allocated capacity of 110 MW at Belleville DESN 1 in August 2025 with a peak load of approximately 112 MW.
- b) Please refer to Elexicon's response to question VECC-26. The weather normalized base load, customer growth, electric vehicle load, and building electrification are all key inputs for building out the load forecast. The immediate need for this station is driven primarily by committed industrial load growth.
- c) See Elexicon's response to VECC-26.
- d) See Elexicon's response to VECC-26.
- e) Elexicon has allocated the costs to each rate class in the Veridian Rate Zone using the methodology in the ICM model which allocates costs based on the percentage of total distribution revenue for each class.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-21

Reference: Appendix C, pp. 4-5

The estimated project cost for Elexicon's portion of the station as determined by Hydro One is \$32,065,600. With Elexicon required to fund a capital contribution of \$18,749, 256. Additionally, Elexicon will receive a capital contribution from one of its customers for \$371,150. Elexicon's capital contribution was determined by Hydro One as part of the connection and Cost Recovery Agreement signed between Elexicon and Hydro One:

a) Please explain, in detail how the \$32.065 million was derived;

b) Please explain, in detail, how the capital contribution amount was derived;

c) Please explain, in detail, how the customer contribution was derived;

d) Please provide the potential variability of the amounts;

e) What factors could contribute to cost overruns?;

f) Please explain how that true-up process is expected to work.

RESPONSE:

- a) The \$32,065,600 total project cost for Elexicon was estimated by Hydro One as part of the Connection and Cost Recovery Agreement (CCRA) with Elexicon. This estimate is a Class 3 AACE detailed estimate based on the completion of preliminary

1 design activities. For more details, please refer to Attachment C-2, CCRA, Section III.
2 Special Circumstances.

3 b) Elexicon's capital contribution of \$18,749,256 was calculated by Hydro One through
4 an economic evaluation as part of the CCRA, as per Section 6.5.2 of the
5 Transmission System Code.

6 c) The customer contribution of \$371,150 was calculated by Hydro One through an
7 economic evaluation, as per Section 6.3.20 of the Transmission System Code.

8 d) As noted in the CCRA, the Class 3 detailed estimate has a typical range of +30% / -
9 20%.

10 e) Factors that could contribute to the project's cost overruns include:

- 11 • Cost overruns or delays in procurement of long-lead items,
- 12 • Cost overruns or delays during construction,
- 13 • Delays in environmental and building permitting.

14 Please refer to the project status update for Belleville DESN 2 in response to question
15 CCC-9.

16 Please refer to Appendix C Belleville Business Case, Section 4.3 for the risk
17 mitigation strategy.

18 f) The true-up process is governed by the terms of CCRA. Schedule C of the CCRA
19 outlines the capital contributions and expected true-up points. Elexicon will comply
20 with its obligations under the Transmission System Code section 6.3.20 and 6.5. The
21 requirements of the Transmission System Code will also require that Hydro One true-
22 up the capital contribution required by the large contributing customer to ensure that
23 any variances in the capital contribution (positive or negative) are appropriately
24 apportioned.

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**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-22

Reference Appendix C, p. 5

Please provide a complete list of all projects in the past 5 years in which Elexicon was required to pay Hydro One a capital contribution determined through a Connection and Cost recovery Agreement. For each project please provide the projected costs (set out in the CCRA) and the final costs incurred.

RESPONSE:

Elexicon was required to pay Hydro One a capital contribution for the following projects in the past 5 years:

- Whitby Transformer Station New DESN
 - o Projected Cost in CCRA = \$19,438,200; Capital Contribution in CCRA = \$0
 - o Final Cost = \$21,335,340; Final Capital Contribution = \$6,833,400
- Seaton Municipal Transformer Station Line Connection
 - o Projected Cost in CCRA = \$7,448,000; Capital Contribution in CCRA = \$0
 - o Final Cost = \$10,003,400; Actual Capital Contribution = \$2,350,993

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-23

Reference: Appendix C, p. 20

To reduce any risks of delays Hydro One has ordered all long lead items. The power transformers and circuit breakers will be delivered in September 2025. The PCT was expected in June 2024. The capacitor banks were expected in March 2025 and the switches in August 2025. Have all of these items been delivered? If not, when will they be delivered. If not, how will this impact the projected in-service date of December 2026?

RESPONSE:

The power transformers and PCT have been delivered. The circuit breakers, capacitor banks, and switches are expected to be delivered in November 2025. Please refer to Elexicon's response to question VECC-31 d) for the Project Status Report – 2025 Q3, which is the most recent update on Belleville DESN 2 from Hydro One.

**RESPONSES TO CONSUMERS COUNCIL OF CANADA
INTERROGATORIES**

INTERROGATORY CCC-24

Reference: Appendix D, p. 9

All DVA balances are proposed to be disposed of over 1 year beginning January 1, 2026.
Has Elexicon considered alternative (longer) recovery periods? If not, why not given the size of the amounts?

RESPONSE:

See response to CCC-2. Elexicon considered rate impacts over a broader time period in developing its rate application. In this instance, one-year disposition will assist in mitigating future rate increases at rebasing, resulting in more stable rates for customers over time. Elexicon notes that the bill impact was not greater than 10% for any rate class and is below the OEB's threshold for rate mitigation

Per section 2.9.1 of the Chapter 2 filing requirements and the EDDVAR report (page 24), the default disposition period used to clear the Account balances through a rate rider should be one year. This approach is consistent with Whitby Hydro's Stand-Alone application (EB-2017-0085 & EB-2017-0292) in which the Group 2 DVA balances were recovered over a one-year period.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY CCC-25

Reference: Appendix D, pp. 38-40

a) Please provide the term(s) of the existing third-party Locate Service Provider contract(s) (e.g., 2022-2024, 2023-2025, etc.)

b) Please explain what, if any, changes were made to the third-party Locate Service Provider contract(s) after Bill 93 was implemented.

c) Please provide a specific reference to Veridian's 2014 application (EB-2013-0174) where the locates-related budget is set out.

d) Please provide a specific reference to Whitby's 2010 application (EB-2009-0274) where the locates-related budget is set out.

e) Please confirm that the locate costs for the April - December 2023 period set out in the columns "Locate Costs related to Bill 93" and "Locate Costs not related to Bill 93" are the actual locate costs for that period (i.e., not the full year locate costs adjusted by 9/12th of the year).

f) Please provide a table, or tables, that shows the following with respect to the actual locate costs of the utility for each year during the 2019-2024 period:

- i) Total Actual Costs
- ii) Total Number of Locates
- iii) Average Cost per Locate
- iv) Third-Party Locate Costs
- v) Internal Locate Costs

vi) Locate-related Administration costs shown separately in each of Third-Party and Internal costs

vii) Locate-related Supervision/Inspection shown separately in each of Third-Party and Internal costs

RESPONSE:

a) The terms of the existing third-party Locate Service Provider contracts are from Feb 2025 – Jan 2026. Each contract is a 1-year agreement with an option to extend up to 24 months.

b) The only change to the terms in Elexicon's contracts with Locates Service Providers after the implementation of Bill 93 was the rates for services, which are negotiated annually. From 2022 to 2023, LSP rates increased by approximately 30% to 160% depending on the LSP and the type of service to be performed.

c) Veridian's 2014 application (EB-2013-0174) can be retrieved online through the OEB's Advanced Regulatory Document Search. The locates budget can be found in Veridian's chapter 2 appendices:

- See excel file labelled "APPL_Veridian_Chapter2_Appendices_for_2014_20131031_xlsm_20131031", Tab: "App.2-JC_OMA Programs", cell G24: Cable Locating \$1,121,711
- As part of its COS settlement, VRZ had an envelope adjustment of \$2,000,000 (7.1%). The adjustment was applied to all costs, thereby reducing the amount of locates costs to \$1.042M: $\$1,121,711 \times (1 - 7.1\%) = \$1,042,392$

d) Specific reference in Whitby's 2010 application (EB-2009-0274) to the locates-related budget is not possible due to the nature of the filings of its previous COS. Whitby Hydro filed for rebasing in 2009/2010 when the OM&A budget was done by USoA rather than by program. Elexicon has used the amount allocated to Account 5045 to determine what was in Whitby's base rates for locates expenses, as the majority of

operation expenses included in account 5045 can be attributed to the cost of providing underground cable locates for third parties. Elexicon's records indicate \$225,131 of the amount in 5045 was budgeted for locates.

As part of its COS settlement, Whitby Hydro had an envelope adjustment of \$40,000 (.45%). The utility applied this adjustment to all costs, resulting in a locates amount of 224,121: $\$225,131 \times (1 - .45\%) = \$224,121$.

e) Elexicon confirms that the locate costs for the April - December 2023 period set out in the columns "Locate Costs related to Bill 93" and "Locate Costs not related to Bill 93" are the actual locate costs for that period, and not the full year locate costs adjusted by 9/12th of the year.

f) The table below shows the actual locate costs for Elexicon Energy for each year during the 2020-2024 period. The 2020-2024 period provides five years of historical data and includes all full years of Elexicon Energy as a consolidated entity.

	2020	2021	2022	2023	2024
i) Total Actual Costs	1,230,934	1,107,117	1,244,584	1,683,788	1,886,962
ii) Total Number of Locates	25,177	28,249	29,468	22,018	20,879
iii) Average Cost per Locate	\$ 48.89	\$ 39.19	\$ 42.24	\$ 76.47	\$ 90.38
iv) Third-Party Locate Costs	916,762	967,083	1,086,973	1,510,207	1,643,973
v) Internal Locate Costs	314,172	140,034	157,611	173,581	242,989
vi) Locate-related Administration costs shown separately for Third-Party	-	25,710	19,347	39,125	33,582
vi) Locate-related Administration costs shown separately for Internal*	49,355	6,146	2,264	1,169	25,819
vii) Locate-related Supervision/Inspection shown separately for Third-Party	-	-	-	-	-
vii) Locate-related Supervision/Inspection shown separately for Internal**	-	-	-	-	88,121

*Some internal admin functions were taken on by the Third-Party in 2021. By 2024 the additional internal administration, necessitated by Bill 93, was in place.

**Elexicon's locators were supervised in 2020-2023 by a supervisor who held multiple portfolios. Elexicon's systems did not separately track time by function for that individual and therefore Elexicon is unable to estimate the cost of supervision. By 2024 the Direct Supervision of Locates, necessitated by Bill 93, was in place.