



October 03, 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 Coalition of Concerned Manufacturers and Businesses of Canada (“CCMBC”).

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:

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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 COALITION OF CONCERNED MANUFACTURERS
AND BUSINESS INTERROGATORIES**

INTERROGATORY CCMBC-1

Reference: 3.1 Application Introduction, Page 4

Preamble: "In the Decision and Order in Elexicon Energy Inc.'s Mergers, Acquisitions, Amalgamations and Divestitures ("MAADs") Application (EB-2018-0236), dated December 20, 2018, the Ontario Energy Board ("OEB" or the "Board") granted approval for Whitby Hydro Electric Corporation and Veridian Connections Inc. to amalgamate and continue operations as a single electricity distribution company."

Question:

Please confirm that the OEB in its EB-2028-0236 decision ordered Elexicon to file a consolidated Distribution System Plan (DSP) which Elexicon filed on April 1, 2021.

RESPONSE:

Confirmed. See EB-2018-0236, dated December 20, 2018 (Corrected February 11, 2020), paragraph 9, page 21.

**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
AND BUSINESS INTERROGATORIES**

INTERROGATORY CCMBC-2

Reference: 3.1 Application Introduction, Page 5

Preamble: "As described in Appendix A, Elexicon Energy is requesting Incremental Capital Module ("ICM") approval to fund two investments: rebuild the Sandy Beach Substation at its current location ("Sandy Beach Station"); and fund the capital contribution to Hydro One Networks Inc. ("HONI") for the installation of a new Dual Element Spot Network ("DESN") at Belleville Transformer Station ("TS") ("Belleville DESN 2"). The total estimated capital expenditures for the Sandy Beach Station and Belleville DESN 2 are \$9.7M and \$18.4M, respectively."

Questions:

a) Was the project to rebuild the Sandy Beach Substation listed in the consolidated DSP filed on April 1, 2021. If the answer is yes, please file the information on the project that was included in the consolidated DSP. If the answer is no, please explain why not.

b) Was the project to install DESN 2 at the Belleville TS listed in the consolidated DSP filed on April 1, 2021. If the answer is yes, please file the information on the project that was included in the consolidated DSP. If the answer is no, please explain why not.

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2 **RESPONSE:**

3 See responses to Staff-28 b) and CCC-12

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RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESS INTERROGATORIES

INTERROGATORY CCMBC- 3

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 8 Table 2 - Sandy Beach Project Cost Estimates

Questions:

a) Please file a more detailed Sandy Beach project cost estimates table that separately shows the costs of Contractor and Elexicon Energy for each category: Labour, Trucks/Vehicles, Equipment Installations/Removal/ Construction.

b) The table does not show any direct or indirect overhead costs. Will overhead costs be charged to the Sandy Beach Project?

RESPONSE:

a)

	Elexicon	Contractor	Sub-Total
Equipment			\$ 5,821,851
Labour	\$ 1,375,200	\$ 84,000	\$ 1,459,200
Trucks/Vehicles	\$ 144,096		\$ 144,096
Equipment Installations/Removal/ Construction		\$2,274,900	\$ 2,274,900
Total			\$ 9,700,047

b) The project cost estimate as referenced in response (a) includes only directly attributable overhead costs, such as project management, design labour, and electrical installation that are considered part of the overall labour costs. Indirect overhead costs have not been factored into this estimate.

**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
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INTERROGATORY CCMBC- 4

Reference: ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 8, Table 3- Sandy Beach Project Implementation Plan

Preamble: Table 3 indicates that the procurement and delivery of transformers was expected to take place in August 2025.

Questions:

- a) What was the actual cost?
- b) How does that cost compare with the estimated cost? Please explain any variance.

RESPONSE:

- a) The actual cost for the two transformers was \$3.2M plus taxes and freight.
- b) There were additional costs of \$17,600 per transformer compared to estimated costs. This variance is attributed to material cost increases (copper and steel).

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INTERROGATORY CCMBC- 5

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 9, Paragraph 19

Preamble: "The Sandy Beach project, which was identified and planned in 2023, is a renewal project that was deemed unsuitable for consideration of a NWS. The purpose of the project is to completely replace a deteriorating asset that serves existing load."

Question:

Please explain why the Sandy Beach Project was not identified prior to 2023.

RESPONSE:

See response to CCC-17.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESS INTERROGATORIES

INTERROGATORY CCMBC- 6

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 9, Paragraph 25

Preamble: "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."

Questions:

a) When was the IESO's regional planning process mentioned in the quoted sentence?

b) Please explain why Elexicon was not aware of capacity constraints in the Belleville region prior to that time.

c) How does Elexicon monitor capacity constraints on its system?

RESPONSE:

a) The Peterborough to Kingston Integrated Regional Resource Plan (IRRP) concluded in November 2021.

- 1 b) The load growth in Belleville has accelerated primarily due to new industrial
2 developments, and these dynamic capacity needs have evolved beyond what was
3 anticipated in earlier forecasts. The proposed solution (DESN 2) for the Belleville
4 capacity issue identified through the Regional Planning Process was not formally
5 confirmed until the release of the results of the IESO's IRRP in November of 2021.
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7 c) Please refer to Elexicon's 2021 DSP Sections 5.2.2 and 5.3.1b. Elexicon
8 participates in the Regional Planning Process with the transmitter and system
9 operator, where Elexicon provides key load forecasting information to assess
10 capacity constraints.
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**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
AND BUSINESS INTERROGATORIES**

INTERROGATORY CCMBC- 7

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 10, Paragraph 27

Preamble: "The estimated cost for Elexicon's portion of the project was estimated by Hydro One to be \$32,065,600. It is expected that the Elexicon contribution to the project will be \$18,437,400. Elexicon will receive a capital contribution from one of its customers of \$371,150."

Questions:

a) When was the \$32,065,600 estimate produced by Hydro One? Is there a more recent estimate? If the answer is yes, please file it. If the answer is no, please explain why not.

b) Is the \$18,437,400 contribution a fixed amount or will it change once the actual cost is known?

c) How much has Elexicon paid so far to Hydro One for the Belville DESN 2 project?

RESPONSE:

a. The estimate was produced as part of the Connection and Cost Recovery Agreement (CCRA), which was fully executed on February 25, 2025. Please refer to the Project Status Report – 2025 Q3 for the most recent cost update, provided as part of Elexicon's response to VECC-31.

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2 b. The \$18,437,400 contribution may change once the actual cost is known. Once the
3 construction is completed, Hydro One and Elexicon will recalculate the contribution
4 amounts as per terms set out in Schedule C of the CCRA and the Transmission System
5 Code Section 6.5.2 (page 56).

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7 c. Please refer to Appendix C Belleville Business Case, Table 3.

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**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
AND BUSINESS INTERROGATORIES**

INTERROGATORY CCMBC- 8

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 11, Table 5 - Belleville DESN 2 Project Costs Estimates

Questions:

- a) Please provide more information on Elexicon's Project Management Costs of \$311,856.
- b) Are these the salaries of Elexicon employees assigned to the project?
- c) Are these salaries included in Elexicon's OM&A?
- d) How can the OEB be assured that there is no double recovery of these costs?
- e) Do the project cost estimates include an allocation of direct and indirect overhead costs?

RESPONSE:

- a) The project management activities that make up these costs are identified in Appendix C p. 8 and Elexicon's response to VECC-24.
- b) The labour costs associated with the activities referred to in response (a) above are included in the project management costs.

- 1 c) No, these expenses are not included in Elexicon's OM&A.
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3 d) The labour costs for the project, which are capitalized, will be tracked directly to the
4 project. Elexicon is not receiving OM&A funding as a result of this ICM.
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6 e) The project cost estimate only includes directly attributable overhead costs such as
7 project management as noted in response (a).
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**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
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INTERROGATORY CCMBC- 9

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 12, Paragraph 31 and Page 22, Paragraph 69

Preamble: "Elexicon requests that the ICM rate riders become effective January 1, 2026, through to Elexicon's next re-basing (planned for January 1, 2027)."

a) Please confirm that \$1,455,449 is the total amount that Elexicon will collect from its ratepayers with the ICM rate riders between January 1, 2026, and January 1, 2027?

b) If the projects are not in service by January 1, 2026, but enter service several months later, will Elexicon refund to ratepayers the amounts collected between January 1 and the actual in-service date?

RESPONSE:

a) Confirmed.

b) As noted in its application, the in-service date for the Sandy Beach station is October 2026 (see paragraph 13, page 8 of Appendix B - Sandy Beach Station Business Case), and the in-service date is for the Belleville DESN is December 2026 (see paragraph 13, page 9, Appendix C – Belleville DESN 2 Business Case). ICM funding is provided in the year projects are put in service.

- 1 Per the OEB's ICM policy, investments that are eligible for ICM treatment require the asset
- 2 to be in-service the year the funding is received¹, not on January 1st of the year the funding
- 3 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 COALITION OF CONCERNED MANUFACTURERS
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INTERROGATORY CCMBC- 10

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2
Pages 14 and 15, Paragraph 39 and Table 7- Materiality Thresholds for Elexicon
Energy (2026)

Preamble: "The first step requires that the ICM capital exceeds the ICM "materiality
threshold formula", which serves to define the level of capital expenditures that a distributor
should be able to manage within current rates."

Questions:

a) Please confirm that \$27,142,025 is the maximum amount of capital expenditure that
Elexicon can fund with existing rates in 2026.

b) Please provide a priority listing of capital projects that Elexicon will be funding in 2026
with the \$27,142,025.

c) Are all these projects of higher priority than the ICM projects so that none of them could
have been deferred until 2027 to mitigate the size of the ICM riders?

d) Considering that if any of the projects included in the \$27,142,025 total will not be
completed and in service in 2026, all of the money collected by Elexicon from
ratepayers with ICM riders would not have been needed, will Elexicon refund it to
ratepayers?

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RESPONSE:

- a) See response to Staff-30, part h). The total amount in rates funded across both rate zones is \$38.9M.
- b) See Elexicon's response to Staff 38 c).
- c) See Elexicon's response to Staff 30, part a). Both Sandy Beach and Belleville DESN 2 are classified as urgent and mandatory projects. These are discrete, material projects that exceed base rate funding and are not deferrable due to safety, reliability, or capacity risks.
- d) Both projects remain on track to be completed and in service in 2026. Elexicon, in the next rebasing application following the completion of the ICM projects, will comply with the filing requirements related to ICM true-ups per 2.2.8 (page 24, Chapter 2 Cost of Service, Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications, December 9, 2024 (Corrected: May 7, 2025)). In the event that there are any variances in in-service date, the panel in that hearing will review the facts and make a determination on the appropriate treatment.

**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
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INTERROGATORY CCMBC-11

Reference: Appendix A, ICM Requests: Sandy Beach Station & Belleville DESN 2,
Page 17, Paragraph 47

Preamble:

“If a distributor’s most recently available regulated return on equity (“ROE”) exceeds
300 basis points above the deemed ROE embedded in the distributor’s rates, then funding
for any incremental capital project would not be allowed.

Elexicon Energy’s 2024 ROE was as follows:

Achieved: 5.39 %

Deemed: 9.43 %

Difference: (4.04) %”

Questions:

a) What are the main reasons for the poor financial performance of Elexicon Energy?

b) How would the ROE of Elexicon Energy be affected if the OEB approved its application
for ICM rate riders?

RESPONSE:

- a) Elexicon Energy has provided explanations on the deviation between actual ROE from the deemed ROE of 9.43% since merger in its Scorecard MD&A submission to the OEB, which is publicly available on the OEB site.

As stated in Elexicon's Scorecard MD&A submission:

"Elexicon's achieved regulatory return on equity in 2024 was 5.39%, which is 4.04% below the deemed ROE of 9.43%. The major drivers resulting in the lower achieved ROE include the cumulative impact of external factors such as inflation, unfavorable weather events, a competitive labour market, increasing insurance costs, the shift to cloud related services, increased requirements related to cyber security, as well as capital demands due to growth in Elexicon's territory. The increased capital work program has resulted in downstream OM&A costs related to procurement, operations, maintenance, work management to enable successful execution of growing programs."

- b) Elexicon Energy assesses ICM assets as per the Accounting Procedures Handbook Guidance (dated March 2015). Per the guidance, the ICM assets are not included in the PP&E values. These assets are recorded in Account 1508, sub account for Incremental Capital Expenditures. Therefore, for the purpose of the achieved ROE calculation, ICM assets are not included in the PP&E values. As per OEB APH guidance, ICM costs and recoveries are tracked separately in account 1508 and as a result does not affect OEB ROE calculation until approved by OEB for incorporation into rate base.

**RESPONSES TO COALITION OF CONCERNED MANUFACTURERS
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INTERROGATORY CCMBC- 12

Reference: ICM Requests: Sandy Beach Station & Belleville DESN 2
Page 19, Paragraph 56

Preamble: "In its 2023 IRM application (EB-2022-0024), Elexicon included two ICM requests ("2023 ICM Request"), and provided a revised in-service addition ("ISA") forecast as part of that request.¹⁶ The revised forecast included updates to planned in-service additions from the previously submitted 2021 DSP. Paragraphs 59 to 65 below discuss the variances to Elexicon's in-service forecast that have emerged since its previous ICM request (EB-2024-0024)."

Questions:

a) Please confirm that the in its EB-2022-0024 decision the OEB approved \$8.8M in ICM funding in 2025 for Elexicon's proposed smart grid project.

b) What is the current status of the smart grid ICM project?

c) What are its actual costs to date and the total revenues Elexicon has collected so far in 2025 and expects to collect by the end of 2026 with the smart grid ICM project rate rider?

RESPONSE:

- a) Confirmed. See section 4.3 on page 14 of EB-2022-0042, Decision and Order- Phase 2, July 6, 2023.
- b) The SCADA/DERMS platform and ADMS have been implemented. The remaining items to be implemented are the installation of the SCADA-related grid hardware, which is anticipated to be completed by end of year.
- c) Projected costs to-date are tracking to be in line with project budget (\$12.84M). As of the end of Q2 2025, total spent was \$8.856 M. Elexicon will receive all NRCAN funding by the end of the year.

The total revenues Elexicon has collected so far in 2025 and expects to collect by the end of 2026 with the smart grid ICM project rate rider are as follows:

	Revenue Collected SEP YTD	Revenue Forecast 2025	Revenue Forecast 2026
VRZ	\$ 498,221	\$ 910,160	\$ 1,247,825
WRZ	\$ 176,675	\$ 336,464	\$ 460,223