



October 21, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON
M4P 1E4

Dear Mr. Murray,

**Re: EB-2025-0046 Elexicon Energy Inc. 2026 IRM Distribution Rate Application
Submission of CCMBC**

Attached is the submission of the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) in the EB-2025-0046 Elexicon Energy Inc. 2026 IRM Distribution Rate Application proceeding.

Respectfully submitted on behalf of CCMBC.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Catherine Swift (CCMBC)
Parties to the Proceeding

**EB-2025-0046 Elexicon Energy Inc.
2026 IRM Distribution Rate Application**

**Submissions of the
Coalition of Concerned Manufacturers and Businesses of Canada**

October 21, 2025

The Application

Elexicon Energy Inc. (Elexicon Energy, Elexicon) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on July 16, 2025, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to its electricity distribution rates for the Veridian Rate Zone (VRZ) and the Whitby Rate Zone (WRZ) effective January 1, 2026. Elexicon is in a 10 year rebasing deferral period which started in 2019.¹ The rates increases for its two rate zones are set by the OEB's Price Cap IRM formula which results in a 3.40% increase for both.

Elexicon Energy has also requested funding for an Incremental Capital Module (ICM) to rebuild the Sandy Beach Substation and for the installation of a new Dual Element Spot Network (DESN 2) at the Belleville station, both in the VRZ. The total estimated capital expenditures for the Sandy Beach Station and Belleville DESN 2 are \$9.7M and \$18.4M, respectively.² Elexicon is proposing that the revenue requirement of Sandy Beach and Belleville projects be recovered from ratepayers by ICM rate riders.

Elexicon is also seeking approval for disposition Group 1 DVA debit balance of \$4,234,514 in the and a Group 2 DVA debit balance of \$14,045,778 in the VRZ over a one-year period beginning January 1, 2026. For the WRZ Elexicon is requesting to dispose of a debit balance of \$1,184,960 over a one-year period beginning 21 January 1, 2026.³

The combined impact of these requests on CCMBC members are delivery rate increases of approximately 35% in the VRZ⁴ and 10% in the WRZ.⁵

CCMBC Submissions

Price Cap IRM rate increase is reasonable.

CCMBC believes that the annual Price Cap IRM rate adjustment of 3.40% is reasonable and the OEB should approve it.

¹¹ EB-2018-0236

² Elexicon 2026 IRM Rate Application, Page 7

³ Ibid.

⁴ Ibid., Page 8, Table 2

⁵ Ibid., Table 3

Disposition of balances in DVA accounts should be over two years.

The amounts proposed for disposition seem reasonable. Elexicon requested approval of a disposition over one year. In response to an interrogatory regarding a longer disposition period Elexicon provided the following explanation.

“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.”⁶

CCMBC submits that mitigating potential future rate increases is not a good reason for not mitigating the current rate increase. CCMBC submits that disposition be over a two year period to mitigate the current rate impact.

ICM funding request should be reduced.

Elexicon is requesting OEB approval of ICM funding of \$28.1 million for two projects in the VRZ: \$9.7 million for Sandy Beach and \$18.4 for Belleville DESN 2. Neither project was listed in the Consolidated Distribution System Plan filed on April 1, 2021.⁷

Elexicon provided the following explanation why Sandy Beach project was not listed in the 2021 DSP.⁸

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

The above explanation raises concerns about the accuracy of the 2021 DSP and the quality of the asset condition assessment.

Elexicon provided the following explanation why the Belleville project was not listed either.

“The capacity constraints at Belleville TS were identified during the third cycle of the

⁶ CCC-24

⁷ CCMBC-2, Staff 28b, CCC-12

⁸ CCC-17

Peterborough to Kingston Integrated Regional Resource Planning (IRRP) process, which concluded with the publication of the IRRP report on November 4, 2021.⁹

As in the case of Sandy Beach, it seems that Elexicon management was not aware about the condition of some of their major assets at the time that the DSP was filed with the OEB in April 2021. This raises questions about the accuracy of the evidence filed in this case.

Once Elexicon learned of the need for the Sandy Beach and Belleville projects it made no attempt to defer some other projects to mitigate the rate impact on ratepayers.

Elexicon was asked to confirm that \$27.1 million is the maximum amount of capital expenditure that Elexicon can fund with existing rates in 2026 which it did. But it could not provide a priority listing of capital projects that Elexicon will be funding in 2026 with the \$27.1 million. It could also not confirm that all these projects are 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?¹⁰

CCMBC believes that Elexicon should have deferred some of the projects that it is funding with the \$27.1 million to reduce its ICM funding request. Considering the size of the ICM request an appropriate deferral would be \$5 million. CCMBC submits that the OEB reduce the ICM funding from \$28.1 million to \$23.1 million directing Elexicon to defer \$5 million of its other capital projects.

Elexicon does not need the money.

Elexicon has already purchased the major equipment required for these two projects.¹¹

The power transformers and PCT have been delivered. The circuit breakers, capacitor banks, and switches are expected to be delivered in November 2025.

It seems that Elexicon had sufficient funds to purchase major equipment without ICM rider money from ratepayers.

If the OEB approves Elexicon's ICM request, Elexicon would collect \$1,455,449 from its ratepayers with the ICM rate riders between January 1, 2026, and January 1, 2027.¹² Since Elexicon plans to file a 2027 rebasing application¹³, the ICM riders would not be needed after January 1, 2027. CCMBC submits that a distributor of the size of Elexicon should be able to find \$1,455,449 in savings during 2026.

⁹ CCC-7a

¹⁰ CCMBC-10

¹¹ CCC-23

¹² CCMBC-9

¹³ Elexicon 2026 IRM Rate Application, Page 5

Elexicon's main concern should be the impact on ratepayers, not shareholders.

Elexicon claims that it did consider the impact of the proposed increase of this application on ratepayers, but its main concern was the impact on shareholders.¹⁴

“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.”

CCMBC submits that as a monopoly regulated utility owned by the residents and businesses of the municipalities it serves, Elexicon's main responsibility should be the impact on the residents and businesses as ratepayers not on residents and businesses as shareholders.

¹⁴ CCC-2