

**Elexicon Energy Inc.
2027-2031 Custom Incentive Rate Application**

Power Workers' Union Interrogatories

1. APPLICATION OVERVIEW

E1-PWU-01

Ref: Exhibit 1/Tab 2/Schedule 1/Page 26-28 of 38

The reference discusses the process and development of Elexicon's investment plan, including revisions made to proposed investments following feedback obtained through a 2-phased Customer Engagement.

Question(s)

- a) What is the net difference in dollars between proposed investment amounts in the draft investment plan following Phase I Customer Engagement and the Revised (balanced) Plan developed after Phase II Customer Engagement?
- b) Specifically, please provide the increase/decrease in dollars of investment in System Renewal from the Phase I draft plan to the Phase II revised final investment plan.
- c) Please provide list of System Renewal investment plans (projects, programs), if any, that were reduced, deferred or cancelled as a result of the revisions to the plan.

E1-PWU-02

Ref: Exhibit 1/Tab 4/Schedule 1/Appendix A/Page 5 of 5/ Table 2

Preamble: Table 2 shows the actual capex and capex in rates each year. Over the deferred rebasing period, Elexicon's capex spending was underfunded by \$114.5M. The level of under-funding is shown by taking the difference (\$205.2M) and reducing that amount by ICM funding received over the deferred rebasing period (\$90.7M). The total ICM funding is comprised of \$44.2M for the Seaton TS and BRT Highway 2 project (EB-2021-0015), \$8.8M for the Whitby Smart Grid (EB-2022-0024) and \$37.7M for the Sandy

Beach TS rebuild and Belleville DESN 2 project which was requested in Elexicon’s 2026 IRM (EB-2025-0046).

Question(s):

- a) How has this underfunding impacted Elexicon’s investment plan? Without limiting the generality of that question, please provide a list of deferred or cancelled work, projects, or programs.
- b) In the cited ICM fundings that Elexicon received, did Elexicon receive the amount of funding it requested? Please provide the ICM fundings requested and the amounts approved by the Board over the deferred rebasing period.

E1-PWU-03

Exhibit 1/Tab 5/Schedule 2/Page 2 of 26

Table 1: Materials and Equipment Price Increase Summary

Materials and Equipment	2021	2024	2021-2024 Increase	CAGR
Hardware/Connectors (\$)	58.57	78.70	34.38%	10.35%
Wire & Cable (\$)	7.42	24.43	229.24%	48.77%
Wood Poles (\$)	1,737.08	2,561.90	47.48%	13.83%
Arresters (\$)	83.51	106.69	27.76%	8.51%
Switches (\$)	1,316.16	1,780.17	35.25%	10.59%
Switchgear (\$)	21,454.73	23,164.36	7.97%	2.59%
Transformers (\$)	1,551.52	2,690.48	73.41%	20.14%

Table 2: Station Equipment Increases

Station Equipment	Price (Reference Year)	Price (Most Recent Year)	Total Price Increase	CAGR
15/20/25 MVA Transformer (\$)	782,407 (2020)	1,750,167 (2024)	123.7%	22.3%
LV Switchgear (\$)	50,684 (2021)	124,321 (2025)	145.3%	25.1%
HV Switchgear (\$)	126,979 (2020)	257,600 (2025)	102.9%	19.3%

1000MCM 28kV Cable (\$)	73.42 (2020)	176.58 (2025)	140.5 %	24.5%
750MCM 46kV Cable (\$)	81.81 (2020)	212.00 (2025)	159.1 %	26.9%

Question(s):

- a) Please discuss the impacts, if any, of the significant increase in material cost over the 2021-2024 period on Elexicon’s ability to invest in Asset Renewal and its contribution to the significant deterioration of assets presented in the current Application. Also, please confirm if any investment plans were deferred or cancelled as a result.
- b) For the asset categories in Tables 1 and 2 above, please provide the projected contribution/share (%) of increase in material cost in the year over year capital expenditures planned for the 2027-2031 period.
- c) What is the contribution/share (%) of increase in material cost to the year over year increase in capital expenditure on System Renewal for the 2027-31 period provided in Ref (2)?
- d) Has Elexicon conducted any forecasting as to (or otherwise considered) the likelihood of material costs increasing faster than inflation during the 2027-31 period? If so, what is Elexicon’s plan to manage this scenario?

E1-PWU-04

Ref: Exhibit 2B/Tab 2/Schedule 2/Page 3 of 57/ Table 1:

The reference lists OEB Scorecard Performance Measures, among which is Safety, which in turn is broken down into four indicators: Level of Public Awareness, Level of Compliance with Ontario Regulation 22/04, Number of General Public Incidents, and Serious Electrical Incident Index Rate per 10, 100, 1000 km of line.

Question(s):

- a) Does the Serious Electrical Incident Index Rate per 10, 100, 1000 km of line include serious electrical incidents involving Elexicon employees? If not, why is employee-related Safety measures not included in Elexicon’s Custom Scorecard Metrics provided in Exhibit 2B/Tab 2/Schedule 2/Page 7 of 57/Table 2?

2B. DISTRIBUTION SYSTEM PLAN

2B-PWU-05

Ref: Exhibit 2B/Tab 3/Schedule 5/Appendix B

The reference presents Addendum A to the Non-Wires Solutions Pre-Screening Methodology Report prepared by Charles River Associates (“CRA”) dated December, 2025. CRA identified three projects that have passed through all of its screening test components and recommended that Elexicon conduct a detailed BCA for the projects.

Question(s)

- a) What is the status of the three projects since the CRA Report? Specifically, did Elexicon undertake a BCA for the three projects?
- b) Are the three projects included in Elexicon’s planned expenditure over the 2027-2031 rate term?

2B-PWU-06

Ref: Exhibit 2B/Tab 4/Schedule 3/Appendix F/Page 4 of 49/lines 6-7

The reference indicates that Elexicon’s proposed total investment (under the Balanced Investment Option) within this program will be \$84.15M from 2027 to 2031, which represents 30% of total investment within the System Renewal portfolio.

Question(s):

- a) Please confirm that notwithstanding the allocation of almost 1/3rd of total investment in system renewal to underground asset renewal, the share of underground assets in poor and very poor condition at the end of the plan (2031) will be 25%, almost double the 13.8% in 2025.
- b) Please confirm that notwithstanding the proposed investment, the share of underground assets that have already exceeded TUL will increase from 16% in 2025 to 28.8% by the end of the Plan.
- c) Please confirm that all else being equal, Elexicon is of the view that it is in its customers’ interests to investing in underground asset renewal to a greater extent than what is proposed here.

4. OM&A

4.1-PWU-07

Ref:

(1) Exhibit 4, Tab 1, Schedule 1, pp. 8–9, pp. 14-16 (Tables 2-4) and pp. 39-43 (incl. Figures 6-8) of 44

(2) Exhibit 6, Tab 1, Schedule 1, pp. 8–9 of 9

(3) Exhibit 1, Tab 4, Schedule 1, pp 22-24 of 27 and Appendix A, Table 1, p. 2 of 5.

Preamble:

Ellexicon indicates that OM&A has increased significantly and that a material portion of the revenue deficiency relates to a “catch-up” of OM&A costs to 2026 levels.

Questions:

a) Please provide a detailed reconciliation of OM&A cost composition for each of the five OM&A programs (listed in Ref (1) Tables 2-4) from 2020 actual to 2027 test year, identifying separately:

- inflationary impacts (including labour costs)
- customer and load growth
- new or expanded activities within the program
- labour cost increases (excluding inflation)
- technology and cybersecurity costs
- other drivers (please specify and explain if significant)

b) For each category above, please quantify:

- absolute dollar impact
- percentage contribution to total OM&A increase

c) Please identify which of the above cost drivers are:

- discretionary
- non-discretionary

4.1-PWU-8

Ref:

(1) Exhibit 4, Tab 1, Schedule 1, pp. 24-27 of 44

(2) Exhibit 4, Tab 2, Schedule 1, pp. 16-21 of 45

(3) Exhibit 4, Tab 1, Schedule 1, Appendix 2-JC

(4) Exhibit 4, Tab 1, Schedule 6, Appendix 2-M

Preamble:

Ellexicon indicates that increases in OM&A include growth in Common Corporate functions to support system complexity, compliance, and operational requirements.

Questions:

a) For each segment in Common Corporate OM&A from 2020 to 2031 (Ref (3) col A, rows 38-44), please indicate:

- FTE growth (in number of FTEs and percentage increase)
- non-labour cost growth (in number of FTEs and percentage increase)

b) For the historical, bridge and forecast periods, please indicate key drivers for each segment in Common Corporate OM&A (Ref (3) col A, rows 38-44).

c) Please explain how Elexicon ensures that increases in Common Corporate costs are:

- necessary to support operations
- proportionate to system growth and complexity

d) Please describe any cost control or prioritization measures applied.

4.1-PWU-9

Ref:

(1) Exhibit 4, Tab 2, Schedule 1, pp. 16-17 of 45

(2) Exhibit 4, Tab 1, Schedule 6, Appendix A, including Table 7, p. 26.

(3) Exhibit 9, Tab 3, Schedule 5, p. 15

Preamble:

Elexicon identifies the Dx NEXT ERP program as a key driver of OM&A and a source of expected productivity improvements. According to Reference (2), p. 1, the total cost of the Dx NEXT program is forecast to be \$42M and that this cost is not capitalizable.

Questions:

a) Is the \$42 million cost expressed in nominal dollars or constant dollars for a base year (adjusted for inflation)?

b) What is the total aggregate OM&A cost for the Dx NEXT program over the life of the program?

c) What is the total amount of the Dx NEXT-related implementation costs that will be placed in the Cloud Computing Implementation Costs Deferral Account for each year of the ten-year recovery period, commencing in 2027 (as described in Ref (3), p. 15)?

d) Please quantify the OM&A impact of the program for each year 2025–2031 (or from the time the program spending started).

e) Expanding on Table 7 in Ref (2), please quantify the expected annual OM&A savings attributable to Dx NEXT for each year from 2027 to 2031.

f) Please explain how the OM&A forecast incorporates both:

- incremental costs
- efficiency offsets.

4.1-PWU-10

Ref:

- (1) Exhibit 4, Tab 2, Schedule 1, pp. 7–11 of 45
- (2) Exhibit 4, Tab 1, Schedule 1, pp. 17-21
- (3) Exhibit 4, Tab 1, Schedule 1, Appendix 2L

Preamble:

Elexicon indicates that workforce growth has been required to address increased operational complexity, growth, and regulatory requirements, while improving system reliability.

Questions:

a) Please explain the drivers of the forecasted increase in FTEs from 2020 through 2031 as shown in Ref (3).

b) Please describe how Elexicon has ensured staffing reflects:

- efficient utilization
- productivity improvements.

4.1-PWU-11

Ref:

- (1) Exhibit 4, Tab 2, Schedule 1, pp. 10–11 of 45

Preamble:

Elexicon notes the use of temporary, student, and contract resources to support operations and manage workload variability.

Questions:

a) Please provide the number of temporary and contract employees for each year 2020–2031 (actuals and forecast).

b) Please identify the primary functions and segments for which these resources are used.

c) Please indicate whether any functions are performed on a recurring basis using temporary or contract resources.

d) Please explain the criteria used to determine internal vs external resourcing.

4.1-PWU-12

Ref:

(1) Exhibit 4, Tab 1, Schedule 1, pp. 31–32 of 44

(2) Exhibit 4, Tab 1, Schedule 1, pp. 14-16 of 44 (Tables 2-4)

Preamble:

Elexicon attributes increases in OM&A to sustainment activities required to manage aging assets, increasing complexity, and regulatory obligations.

Questions:

a) For each segment in the Sustainment Program (Ref (2)) over the historical, bridge and forecast periods (Ref (2)), please identify:

- cost drivers
- relationship to asset condition and reliability.

b) Please describe how sustainment spending levels were determined over the historical, bridge and forecast periods (Ref (2)).

c) Please explain the extent to which Sustainment Program work is performed by internal staff (FTEs) vs. temporary employees/contractors vs. third party contractors over these periods. If possible, please provide a breakdown of (a) number of FTEs vs. number of temporary/contract employees vs. third party contractors for 2020-2031; (b) OM&A costs attributable to FTEs vs. temporary/contract employees vs. third-party contractors for 2020-2031.

d) Please explain the extent to which Vegetation Management work (in the Sustainment Program) is performed by internal staff (FTEs) vs. temporary employees/contractors vs. third party contractors over these periods. If possible, please provide a breakdown of (a) number of FTEs vs. number of temporary/contract employees vs. third party contractors for 2020-2031; (b) OM&A costs attributable to FTEs vs. temporary/contract employees vs. third-party contractors for 2020-2031.

4.1-PWU-13

Ref:

- (1) Exhibit 4, Tab 1, Schedule 1, pp. 6, 8, 19-20 of 44
- (2) Exhibit 1, Tab 2, Schedule 1, pp. 12-15 of 38, including Figures 6 and 7.
- (3) Exhibit 1, Tab 4, Schedule 1, pp. 16-19 of 27, including Figures 9 and 10.
- (4) Exhibit 1, Tab 4, Schedule 1, pp. 25-27 of 27.

Preamble:

Elexicon identifies restoring reliability to historical performance as a key objective of its OM&A plan. Ref (2) shows that the average length of outages and the average number of outages have been increasing since 2020 and were forecast to continue to increase in 2025 and 2026. Ref (3) shows that Elexicon's SAIDI has exceeded the OEB target in 2020, 2022, 2023, and 2024. Ref (3) describes the consequences of inaction, including the consequences of underfunding the OM&A requirement.

Questions:

a) Please confirm that the SAIFI and the OEB Target line graphs in Figure 6 (Ref (2)) have been mislabelled should be reversed. Similarly, please add the OEB Target to Figure 7 (Ref (2)).

b) For 2027-2031, please describe the relationship between OM&A increases and expected improvements in:

- SAIDI
- SAIFI.

c) Please quantify expected improvements to reliability performance where possible for the forecast period (2027-2031) if the OM&A and capital cost are approved.

d) Related to question (c), please explain when Elexicon expects to meet the OEB targets for SAIDI and SAIFI, as described in Refs (2) and (3), and continue meeting them.

d) Elaborating on Ref (3), the Consequences of Inaction, describe risks to reliability if OM&A is not approved.

4.1-PWU-14**Ref:**

- (1) Exhibit 4, Tab 2, Schedule 1, p. 10 of 45 (Figure 1: FTE per 1000 customers 2024)
- (2) Exhibit 4, Tab 1, Schedule 1, Appendix 2-L Recoverable OM&A Cost per Customer and per FTE
- (3) Exhibit 4, Tab 1, Schedule 1, pp. 34-37 of 44, including Figures 4 and 5.
- (4) Exhibit 1, Tab 5, Schedule 3, pp. 2-6.

Preamble:

Elexicon provides benchmarking evidence comparing workforce levels to peer utilities. Ref (2) is an Excel Attachment that provides Recoverable OM&A Cost per Customer and per FTE.

Figures 4 (OM&A Costs per Customer) and 5 (Elexicon vs Ontario and Peer Group FTE per 1,000 Customers) in Ref (3) show key metrics from an internal benchmarking analysis using a relevant peer group.

Questions:

- a) Please identify comparator utilities used in the internal benchmarking analysis described in Ref (3) Figures 4 and 5. Are they the same utilities as those listed in Ref (1) Figure 1?
- b) Please explain any material differences between Elexicon and the Peer group for the internal benchmarking beyond what is described in Ref (4)?
- c) Please describe how any of the benchmarking undertaken related to OM&A informed OM&A planning.

4.1-PWU-15**Ref:**

- (1) Exhibit 4, Tab 1, Schedule 6, pp. 2-3, 5 of 68
- (2) Exhibit 4, Tab 1, Schedule 1, pp. 14-16 (Tables 2-4)
- (3) Exhibit 4, Tab 1, Schedule 6, Appendix 2-M Regulatory Cost Schedule

Preamble:

Elexicon indicates that regulatory and external costs vary over time and are driven by applications and compliance requirements. Moreover, Elexicon emphasizes a growth in the volume of work related to regulatory affairs both in the historical and the forecast period due increased demand and electrification.

Ref (2) provides a cost breakdown for the Regulatory Affairs OM&A segment for 2020 to 2031. Ref (3) provides One-Time Regulatory Costs for “Sum of Historical Years (1-2024)”, 2025 Bridge Year and 2026 Test Year.

Questions:

- a) Please confirm that Ref (3) Col C, labelled “Sum of Historical Years (1-2024)” provides the total of one-time regulatory costs in each sub-segment (Rows 1-7) of Regulatory Costs for the years 2021-2024. If not, please explain.
- b) Please confirm that the total Legal costs in Ref (3) (Col C, Row 2), were only \$27,737 for the years 2021-2024. If not, please explain.

c) Please explain why the Legal costs in Ref (3) (Row 2) increased by more than 25 times between total Legal costs for 2021-2024 (Col C, Row 2) and Legal costs in 2025 (Col D, Row 2).

d) Please reconcile the OM&A Regulatory Affairs Costs in Ref (2) and the Regulatory Costs (One-Time) in Ref (3) and distinguish between recurring and one-time costs.

b) Please estimate the forecast one-time costs vs the recurring costs for 2027-2031, broken down into the same subsegments as Ref (3) (e.g. Expert witness costs, legal costs, Consultants' costs, etc.).

c) Please describe cost control measures for the regulatory costs (historical and forecast).