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

**INTERROGATORY 1-CCMBC-1**

Reference: Exhibit 1, Tab 5, Schedule 1, Page 5, The Need for a Custom IR Framework

Preamble: Elexicon is proposing a Custom IR framework to meet its unique and evolving financial requirements; needs that cannot be accommodated within the parameters of the OEB's Price Cap Incentive Rate setting ("Price Cap IR") model.

Questions:

a) Please confirm that Elexicon wants the OEB to approve higher rates than would be allowed under OEB's Price Cap Incentive Rate setting.

b) Please confirm that if the OEB approves Elexicon's proposed Custom IR framework, manufacturers and businesses that would pay higher rates to Elexicon would have less money to invest in their companies and pay for their operating costs.

**RESPONSE:**

a) Elexicon is seeking approval of a rate framework which will provide sufficient funding to deliver on the urgent and necessary investments outlined in its investment plan.

b) Elexicon is not in a position to speculate on the financial circumstances of its manufacturing and business customers. 73% of small business customers and 82% of commercial and industrial customers surveyed supported Elexicon's investment plan.[1]

[1] Exhibit 1, Tab 7, Schedule 1, Appendix A, "Customer Engagement Executive Summary" - page 19.

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

**INTERROGATORY 2A-CCMBC-2**

Reference: Exhibit 2A, Tab 1, Schedule 1, Page 9

Preamble: "Services and Meter Assets: The increase of $4.4 million in Services and Meters is driven by a higher volume of services installed, as well as a higher volume of smart meters installed, as a result of customer growth;"

Questions:

a) What is Elexicon's definition of a "smart meter"?

b) Of the meters installed during 2026, what percentage are smart meters?

**RESPONSE:**

a) A smart meter is a digital electricity meter that measures energy use in short intervals and communicates that data automatically to the utility, usually over a two-way network through an Advanced Metering Infrastructure (AMI), so there is no need for manual reading.

b) 99.5% of all installed meters in Q1 of 2026 are smart meters.

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

**INTERROGATORY 2A-CCMBC-3**

Reference: Exhibit 2A, Tab 1, Schedule 1, Pages 19 and 20 and Tab 6, Schedule 1,
Pages 1 to 3 EB-2025-0312 Elexicon Energy 2027-2031 Rates - CCMBC Interrogatories

Preamble: "TS Primary above 50: The increase of $34.8 million relates to the transfer of Seaton TS from account 1508 to account 1815".

Questions:

a) Please confirm that Account 1508 is Other Regulatory Assets.

b) Why was Seaton TS in Account 1508?

c) Is Seaton TS currently in service?

**RESPONSE:**

a) Elexicon confirms that Account 1508 is Other Regulatory Assets.

b) Seaton TS was approved in an ICM application. As per the Accounting Procedures Handbook Guideline ("the Guidance) issued March 2015, "The OEB issued the *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module* (ACM Report) dated September 18,2014. The Report indicates that ACM or Incremental Capital Module (ICM) amounts should be recorded in Account 1508 Other Regulatory Assets".

The Guidance further states that "in the distributor's next cost of service rate application,

the Boards's approval of the disposition of ACM deferral accounts triggers the accounting recognition of the net book value of eligible ACM expenditures as assets in rate base and the funding previously collected as revenues". Elexicon has interpreted this guidance to apply to an ICM as well.[1] Following the approved disposition of the ICM accounts, the balance in the 1508 accounts related to the ICMs will be zero. Consistent with the Guidance, there will be journal entries to transfer the ICM assets into appropriate assets accounts (i.e. 1606-1990 PP&E accounts), to record ICM deprecation expense to depreciation expense accounts, to transfer accumulated deprecation to accumulated depreciation accounts and transfer previously collected funds to a revenue account.

**c)** Yes, Seaton TS has been in service since December 2022.

[1] Ontario Energy Board, EB-2014-0219 "Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module", Appendix A.

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

**INTERROGATORY 2A-CCMBC-4**

Reference: Exhibit 2A, Tab 6, Schedule 1, page 5, Table 9, Details of Cost Variance

Question: The information in the table indicates that the OEB approved budget included $700,000 for HWY 2 BRT Switchgear that was not spent. Please explain why it was not spent.

**RESPONSE:**

The $700,000 associated with the Highway 2 BRT Switchgear was not spent as it was determined that the switchgear was outside of the defined project area, therefore relocation of switchgear was not necessary.

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

**INTERROGATORY 2B-CCMBC-5**

Reference: Exhibit 2B, Tab 3, Schedule 1, Page 29

Preamble: "In alignment with the OEB's Vulnerability Assessment and Storm Hardening (VASH) framework, Elexicon will identify areas within the grid for strategic investment opportunities to modernize and harden the grid to mitigate risks and customer impacts."

Question: Are there any proposed capital projects that are supported by the OEB's VASH framework analysis in this application? If the answer is yes, please list them and file the respective VASH framework analysis of each one. If the answer is no, please explain why not.

**RESPONSE:**

Please refer to the response in 1-Staff-31 c).

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

**INTERROGATORY 2B-CCMBC-6**

Reference: Exhibit 2B, Tab 3, Schedule 2, Pages 55-63, Figures 24-32

Question: Please refile Figures 24-32 showing 2025 actual peak loads.

**RESPONSE:**

Please refer to the response in 2-CCC-15, parts f) and g).

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

**INTERROGATORY 3-CCMBC-7**

Reference: Exhibit 3, Tab 1, Schedule 1, Page 1, Table 1 Forecast Consumption, Demand, and Customers

Question: Please add two columns to Table 1: Revenues at Current Rates, and Revenues at Proposed Rates.

**RESPONSE:**

The original table is represented in Table 1a below, with the additional columns provided in Table 1b.

**Table 1a: Forecast Consumption, Demand, and Customers – Original Table**

| | kWh Consumption | % Increase | kW Demand | % Increase | Metered Customers | % Increase |
|---|---|---|---|---|---|---|
| 2024 Actual | 3,649,851,710 | | 3,919,823 | | 177,967 | |
| 2025 Forecast | 3,747,675,435 | 2.7% | 4,088,703 | 4.3% | 181,188 | 1.8% |
| 2026 Forecast | 3,918,946,572 | 4.6% | 4,404,873 | 7.7% | 184,644 | 1.9% |
| 2027 Forecast | 4,074,560,286 | 4.0% | 4,677,734 | 6.2% | 188,190 | 1.9% |
| 2028 Forecast | 4,229,958,890 | 3.8% | 4,935,858 | 5.5% | 191,668 | 1.8% |
| 2029 Forecast | 4,347,847,114 | 2.8% | 5,124,558 | 3.8% | 195,231 | 1.9% |
| 2030 Forecast | 4,422,917,143 | 1.7% | 5,219,742 | 1.9% | 198,915 | 1.9% |
| 2031 Forecast | 4,494,068,849 | 1.6% | 5,310,696 | 1.7% | 202,661 | 1.9% |

**Table 1b: Forecast Consumption, Demand, and Customers – Requested Columns**

| | Revenues at 2026 Rates | % Increase | Revenues at Proposed Rates | % Increase |
|---|---|---|---|---|
| 2026 Forecast | $105,465,292 | | | |
| 2027 Forecast | $108,193,441 | 2.6% | $141,589,208 | |
| 2028 Forecast | $110,651,868 | 2.3% | $152,845,521 | 7.9% |

| | | | | |
|---|---|---|---|---|
| 2029 Forecast | $112,816,973 | 2.0% | $165,319,539 | 8.2% |
| 2030 Forecast | $114,693,181 | 1.7% | $177,489,521 | 7.4% |
| 2031 Forecast | $116,634,087 | 1.7% | $194,953,732 | 9.8% |

The table below provides the updated version of Table 1 based on the updated load forecast filed as 3-SEC-68 and updated revenues based on updates noted in 1-Staff-1.

**Table 2a: Forecast Consumption, Demand, and Customers – Updated Table**

| | kWh Consumption | % Increase | kW Demand | % Increase | Metered Customers | % Increase |
|---|---|---|---|---|---|---|
| 2024 Actual | 3,504,986,348 | | 3,919,823 | | 177,967 | |
| 2025 Actual | 3,566,143,193 | 1.7% | 3,972,460 | 1.3% | 179,807 | 1.0% |
| 2026 Forecast | 3,709,865,649 | 4.0% | 4,245,800 | 6.9% | 182,186 | 1.3% |
| 2027 Forecast | 3,927,223,675 | 5.9% | 4,673,289 | 10.1% | 184,710 | 1.4% |
| 2028 Forecast | 4,079,181,231 | 3.9% | 4,949,846 | 5.9% | 187,397 | 1.5% |
| 2029 Forecast | 4,180,568,169 | 2.5% | 5,130,840 | 3.7% | 190,244 | 1.5% |
| 2030 Forecast | 4,234,278,105 | 1.3% | 5,202,543 | 1.4% | 193,198 | 1.6% |
| 2031 Forecast | 4,294,652,708 | 1.4% | 5,288,248 | 1.6% | 195,974 | 1.4% |

**Table 2b: Forecast Consumption, Demand, and Customers – Requested Columns for Updated Table**

| | Revenues at 2026 Rates | % Increase | Revenues at Proposed Rates | % Increase |
|---|---|---|---|---|
| 2026 Forecast | $103,200,949 | | | |
| 2027 Forecast | $106,000,603 | 2.7% | $144,784,389 | |
| 2028 Forecast | $108,101,308 | 2.0% | $155,779,603 | 7.6% |
| 2029 Forecast | $109,914,719 | 1.7% | $168,203,563 | 8.0% |
| 2030 Forecast | $111,392,540 | 1.3% | $179,760,119 | 6.9% |
| 2031 Forecast | $112,890,898 | 1.3% | $197,148,680 | 9.7% |

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

**INTERROGATORY 3-CCMBC-8**

Reference: Exhibit 3, Tab 1, Schedule 1, Appendix A Elexicon 2027-2031 Customer and Load Forecast (Power Advisory Report)

Questions:

a) Did Power Advisory consider the impact on the load forecast of customers who generate power for their own use under the ICI program? If the answer is yes, please explain how. If the answer is no, please explain why not.

b) Did Power Advisory consider the impact on the load forecast of customers who own exporting DERs? If the answer is yes, please explain how. If the answer is no, please explain why not.

RESPONSE:

a) Power Advisory relied on historic net load data that accounts for historic generation of self-generating customers for their own use under the ICI program. Forecast volumes reflect historic generation and self-generation trends, but no specific adjustments were made for self-generation.

b) Power Advisory did not specifically consider the impact of customers who own exporting DERs. To the extent that there are currently customers that own DERs impacting Elexicon's loads, this is reflected in Elexicon's historic billing determinants so the load forecast accounts for the continued impact on billing determinants of those DERs.

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

**INTERROGATORY 3-CCMBC-9**

Reference: Exhibit 3, Tab 1, Schedule 1, Appendix A, Elexicon 2027-2031 Customer and Load Forecast (Power Advisory Report), Page 116, Forecast Large Additions

Preamble: "Elexicon is forecasting significant growth its General Service classes and Large Use rate class in the 2027 to 2031 rate period. Elexicon has estimated a material increase in billed loads from new customers additions beyond what is forecast based on historical volumes and trends."

Question: Does Power Advisory expect that this significant increase in billed loads of new customers will generate sufficient revenues to cover the costs of serving these customers and result in greater earnings for Elexicon? Please discuss.

**RESPONSE:**

Pursuant to the logic of the economic evaluation model, Elexicon expects that over the 25-year revenue horizon, new large customers will generate sufficient revenues to cover the costs of the assets that are required to serve these customers, but there may be timing differences in the initial years of their connection until the customers' load fully materializes.

The large loads are included in the load forecast so they are considered in the rates designed to recover Elexicon's revenue requirement. Including forecast large loads increases Elexicon's revenues at status quo rates thereby reducing Elexicon's revenue deficiency and the allocation of costs to be recovered from other rate classes, which provides an up-front benefit for customers by reducing distribution rate increases for all Elexicon customers in each year.

In making the manual adjustments to the load forecasts for large customers, Elexicon has included loads associated with some connections which are preliminary in nature and not yet fully committed. This is further described in 1-PP-21. As a result, Elexicon is taking on some degree of risk by proactively including these customers, even where there is uncertainty.

Elexicon would realize higher earnings if rates were set without adding these large customers to the forecast and those customers did in fact materialize. The purpose of including the customers is to minimize the variance between Elexicon's revenues from distribution rates set with the large load additions and Elexicon's revenue requirement, while giving customers the upfront benefit of lower rates.

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

**INTERROGATORY 4-CCMBC-10**

Reference: Exhibit 4, Tab 1, Schedule 1, Page 22, Continuing Investments in Grid Modernization

Preamble: "Operational technologies (OT) that facilitate real-time communication, monitoring, and control of the electrical grid are essential to restoring reliability performance and reducing manual intervention, while also preparing the grid for future advancements and growing expectations of DER deployment."

Question: Since investments in OT reduce manual intervention, is there a net saving in OM&A from OT investments? If the answer is yes, where can it be seen in evidence in this case? If the answer is no, please explain why not.

**RESPONSE:**

Elexicon is investing in its SCADA system to support the safe operation of the grid while providing continuous improvements to reliability. When deployed at scale, these investments in Operational Technologies (OT) are also expected to help to reduce manual intervention and improve operational efficiency. However, for these benefits to accrue, a sufficient number of connected field devices and supporting systems must be in place. Until this "critical mass" is achieved, any savings are expected to be minimal.

At present, the number of SCADA-controllable devices deployed on Elexicon's system has not reached that critical point. As a result, it is not possible to quantify or confirm net OM&A savings resulting from these investments. Accordingly, while OT investments are expected to contribute to

operational efficiencies and potential OM&A savings in the long-term, such savings would be speculative at this point and will be more appropriately assessed following broader implementation and operational experience.

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

**INTERROGATORY 4-CCMBC-11**

Reference: Exhibit 4, Tab 1, Schedule 5, Page 1, Table 1, Summary of Total Customer Care Program Costs and Pages 35 and 36

Question: Please explain how the forecasts of the increase in Metering and Wholesale Settlements from $3.55 million in 2027 to $5.25 million in 2028 followed by a decline to $4.25 million in 2029 were calculated.

**RESPONSE:**

The increase from 2027 to 2028 reflects the Wholesale Settlements analytics licenses and other required software and technical upgrades to support the transition to AMI 2.0.

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

**INTERROGATORY 4-CCMBC-12**

Reference: Exhibit 4 - Tab 1 Schedule 6, Appendix A, Dx NEXT Project Summary

Questions:

a) Please list what systems and resources, including computer hardware, real estate, and personnel are planned to be replaced by the cloud-based CIS/ERP ("Dx NEXT") once fully operational, and the costs for operating those resources in 2024 and 2025, including electricity, heating/cooling, and maintenance costs associated with the systems and resources.

b) Please list where the systems and resources to be replaced by Dx NEXT are physically located.

c) Will there be a transition period where both Dx NEXT and the systems and resources it replaces will both be operating at the same time? If so, please describe how that transition period will function, including whether any legacy systems and resources will be shutdown/retired in stages.

d) Once Dx NEXT has fully replaced the legacy systems and resources, please list what, if any, of those systems and resources will be repurposed for other uses.

e) If the legacy systems and resources are to be no longer operated, please list the cost savings of no longer having to operate those systems and resources. How will those cost savings be passed on to ratepayers?

f) Please describe any impacts on staffing FTEs that are currently allocated to operate and maintain the systems and resources to be replaced by Dx NEXT once Dx NEXT has fully replaced those systems and resources. How many FTEs currently allocated to the systems and resources to be replaced by Dx NEXT will remain to operate and maintain Dx NEXT, how many will be reallocated to

other projects or divisions within Elexicon, and how many will be eliminated?

g) Is there expected to be a reduction in FTEs because of the transition to Dx NEXT? If so, what is the estimated reduction in FTEs?

**RESPONSE:**

a) After the implementation of Dx NEXT, certain legacy systems will be replaced by the new ERP. Those systems are listed in the Table for part b) below. Most of these legacy systems targeted for replacement by Dx NEXT run in an on-prem virtualized environment (see table below in response b), which is hosted on shared IT infrastructure). As this hardware is required to support the remaining on-prem systems, the equipment and facilities will not be decommissioned. Costs for maintaining the hardware (i.e. electricity) are not tracked on an individual system basis.

b) Please see the list below of legacy systems that will be replaced by the Dx NEXT implementation, and their physical location.

**Table 1: Legacy Systems to be Replaced by Dx NEXT**

| System | Physical Location |
|---|---|
| Tableau | Cloud |
| [Redacted] | On-prem |
| [Redacted] | On-prem |
| [Redacted] | On-prem |
| Kinetiq | On-prem |
| Aegysis | On-prem |
| [Redacted] | On-prem |
| Hexagon/Intergraph | On-prem |
| [Redacted] | On-prem |
| [Redacted] | Cloud |
| [Redacted] | Cloud |

c) Yes, there be a transition period where both the Dx NEXT systems, and the legacy systems that it replaces will both be operating at the same time. This period of controlled overlap is typical for large, complex IT implementations and reflects a standard industry best practice to manage operational risk, support user transition, and ensure system reliability. Decommissioning of legacy systems will be completed in stages as new systems are brought on-line, and the Dx NEXT ERP functions are confirmed to be stable and validated.

d) No legacy systems will be repurposed for other uses.

e) Please refer to the response provided in 4.1 - PWU - 09 f).

f) Within the IT/OT segment, there are currently no FTEs fully dedicated to the support and maintenance of the on-premise systems being replaced. Existing staff allocate only a portion of their time to these functions. As these systems are decommissioned, the associated effort will be redeployed to other operational and value-added activities, including the support of the new Dx NEXT systems within the department.

g) Elexicon does not anticipate reducing the number of FTEs because of the Dx NEXT project implementation. This investment is expected to generate workforce efficiencies that result in the avoidance of incremental hiring. For further information regarding the workforce efficiencies and their corresponding savings, please see the response provided in 4-CCC-51 j).