RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-1

Updated Revenue Requirement Work Form (RRWF) and Models
Upon completing all interrogatories from OEB staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflect the interrogatory responses and the 2025 actual amounts. Please ensure the models used are the latest available models on the OEB's 2027 Electricity Distributor Rate Applications webpage.

RESPONSE:
Please refer to the Excel attachments listed in Tables 1 and 2 for the updated OEB workforms and Chapter 2 Appendices reflecting interrogatory responses. The tables also identify the corresponding interrogatory references for each Excel file.

The RRWFs incorporate revisions arising from interrogatory responses. Changes are documented in the Tracking Sheet (Sheet 14), including references to the relevant interrogatories, and are reflected in the adjustments column of the Data_Input_Sheet (Sheet 3). Updates have also been

made to the Load Forecast (Sheet 10), Cost Allocation (Sheet 11), and Rate Design (Sheet 13) worksheets.[1]

Table 1: Updated OEB Workforms

OEB Workforms	IR Response	Att.	Attachment Name
2027 Revenue Requirement Workform	1-Staff-1	1	1-Staff-1(1)_2027 Revenue Requirement Workform
2028 Revenue Requirement Workform	1-Staff-1	2	1-Staff-1(2)_2028 Revenue Requirement Workform
2029 Revenue Requirement Workform	1-Staff-1	3	1-Staff-1(3)_2029 Revenue Requirement Workform
2030 Revenue Requirement Workform	1-Staff-1	4	1-Staff-1(4)_2030 Revenue Requirement Workform
2031 Revenue Requirement Workform	1-Staff-1	5	1-Staff-1(5)_2031 Revenue Requirement Workform
Cost Allocation Model (2027)	1-Staff-1	6	1-Staff-1(6)_Cost Allocation Model (2027)
Retail Transmission Service Rates Workform (2027-2031)	8-VECC-76	1	8.0-VECC-76(1)_RTSR Workform
Bill Impacts Model (2027-2031)	1-Staff-1	7	1-Staff-1(7)-Bill Impacts Model (2027-2031)
Elexicon Load Forecast	3-SEC-68	1	3-SEC-68(1)_Load Forecast Update

Table 2: Updated OEB Chapter 2 Appendices

OEB Chapter 2 Appendices	IR Response	Att.	Attachment Name
2-AA Capital Projects	1-SEC-13	1	1-SEC-13(1)_OEB App.2-AA-AB-BA-C
2-AB Capital Expenditure			
2-BA Fixed Asset Continuity Schedule			
2-BA Fixed Asset Continuity Schedule (ICM)			
2-C Depreciation and Amortization Expense			
2-D Overhead	2-Staff-88	1	2-Staff-88(1)_OEB App.2-D Overhead Expense
2-FA Proposed REG Investment	2-Staff-81	1	2-Staff-81(1)_OEB App.2-F Renewable Generation Connection
2-FB Calculation of REG Improvement			
2-FC Calculation of REG Expansion			
2-H Other Operating Revenue	1-SEC-13	3	1-SEC-13(2)_OEB App.2-H Other Operating Revenue
2-IB Load Forecast Analysis	1-Staff-1	9	1-Staff-01(9)_OEB App.2-IB_Load Forecast Analysis
2-JA Summary of Recoverable OM&A Expenses	1-SEC-13	2	1-SEC-13(3)_OEB App.2-JA-JB-JC-K OM&A Programs & Employee Costs
2-JB Recoverable OM&A Cost Drivers			
2-JC OM&A Programs			
2-K Employee Costs			

[1] Tabs 5 and 8 of the RRWFs include model-generated Settlement and OEB Decision values that have not occurred.

OEB Chapter 2 Appendices	IR Response	Att.	Attachment Name
2-L OM&A per Cust FTE	4-Staff-112	1	4-Staff-112(1)_OEB App.2-L OM&A per Customer and FTE
2-M Regulatory Costs Schedule	4-Staff-130	1	1-Staff-130(1)_OEB App.2-M Regulatory Costs Schedule
2-N Shared Services and Corporate Cost Allocation	4-Staff-131	1	4-Staff-131(1)_OEB App.2-N Shared Services and Corporate Cost Allocation
2-R Loss Factors	8-SEC-95	1	8-SEC-95(1)_OEB App.2-R Loss Factors
2-ZA Commodity Expense (2027-2031)	1-Staff-1	8	1-Staff-01(8)_OEB App.2-Z Commodity Expense and Cost of Power
2-ZB_Cost of Power (2027-2031)			

As set out in OEB Procedural Order No. 1, dated on March 2, 2026, a second round of written interrogatories on the additional evidence filed on April 2, 2026 is scheduled for May 27, 2026. The following OEB workforms were not included with the first set of interrogatories and will be filed in the second round. Elexicon will also file a corresponding updated bill impacts model at that time, reflecting revisions arising from these workforms:

- PILs Workform
- DVA Continuity Schedule (Elexicon)
- DVA Continuity Schedule (Veridian Rate Zone)
- DVA Continuity Schedule (Whitby Rate Zone)
- Proposed Tariff Schedule (2027)

1. UPDATED REVENUE REQUIREMENT AND CRCI TABLES

The tables below present updated revenue requirement calculations and Custom Revenue Cap Index calculations reflecting interrogatory responses. These reproduce Tables provided in Exhibit 1 – Tab 5 – Schedule 1.

Table 3: Total Revenue Calculations by Formula Component: 2027 to 2031[2]

Line	($millions)	2027	2028	2029	2030	2031
1	Average Net Fixed Assets	581.2	645.0	741.4	836.2	984.5
2	Working Capital Allowance (WCA)	35.3	37.8	39.6	41.0	43.2
3	Rate Base	616.5	682.7	781.0	877.2	1,027.8

[2] Numbers may not sum due to rounding.

Line	($millions)	2027	2028	2029	2030	2031
4	Return on Debt	17.3	19.2	22.0	24.7	28.9
5	Return on Equity	22.5	24.9	28.5	32.0	37.5
6	Depreciation	28.5	29.1	33.6	37.4	43.3
7	PILs Taxes	0.0	0.0	0.0	0.0	0.0
8	**Total Capital Related Revenue Requirement**	**68.3**	**73.2**	**84.0**	**94.1**	**109.6**
9	Less Incremental Capital Related Revenue Requirement related to WCA	-	-2.4	-2.6	-2.6	-2.8
10	Add-back WCA at I-X		2.3	2.5	2.6	2.7
11	**Capital Related Revenue Requirement (with WCA at I-X)**	**68.3**	**73.1**	**84.0**	**94.0**	**109.5**
12	**OM&A Forecast**	**81.7**	**88.3**	**90.3**	**92.2**	**94.6**
13	**Service Revenue Requirement**	**150.0**	**161.4**	**174.2**	**186.2**	**204.2**
14	Increase in SRR ($)		11.4	12.8	12.0	17.9
15	**Increase in SRR relative to Prior Year SRR (%)**		**7.58%**	**7.96%**	**6.89%**	**9.62%**
16	Less: I		-2.00%	-2.00%	-2.00%	-2.00%
17	Less: G		-2.48%	-2.48%	-2.48%	-2.48%
18	Less: IPD_{oma}		-0.14%	-0.13%	-0.12%	-0.12%
19	**Revenue Growth Factor (RGF)**		**2.96%**	**3.35%**	**2.29%**	**5.03%**

Note: Updated from Exhibit 1 – Tab 5 – Schedule 1, Table 6

Table 4: Forecast CRCI Values: 2028 to 2031[3]

	2028	2029	2030	2031
Inflation: I	2.00%	2.00%	2.00%	2.00%
Productivity & Stretch: X	0.15%	0.15%	0.15%	0.15%
Growth: G	2.48%	2.48%	2.48%	2.48%
Input Price Differential – OM&A: IPD_{oma}	0.14%	0.13%	0.12%	0.12%
Revenue Growth Factor: RGF	2.96%	3.35%	2.29%	5.03%
CRCI (I-X+G+IPD_{oma}+RGF)	7.43%	7.81%	6.74%	9.47%

Note: Updated from Exhibit 1 – Tab 5 – Schedule 1, Table 7

Table 5: CRCI less Other Revenue[4]

($millions)	2027	2028	2029	2030	2031
Prior Year Service Revenue	N/A	150.03	161.17	173.75	185.47
CRCI	N/A	7.43%	7.81%	6.74%	9.47%

[3] Numbers may not sum due to rounding.
[4] Numbers may not sum due to rounding.

Current Year Service Revenue	150.03	161.17	173.75	185.47	203.04
Other Revenue	-4.93	-5.08	-5.24	-5.40	-5.58
Current Year Distribution Revenue	145.09	156.09	168.51	180.07	197.46

Note: Updated from Exhibit 1 – Tab 5 – Schedule 1, Table 8

Table 6: Proposed Base 2027 Revenue Requirement ($000)

	2027 (Exhibit 10 Update)	2027 (Interrogatory Update)	Change ($)	Change (%)
OM&A	80,226	80,535	309	0.38%
LEAP	330	330	-	0.00%
Property Tax	815	815	-	0.00%
Amortization Expense	28,538	28,538	-	0.00%
Regulated Return	39,872	39,807	-65	-0.16%
Service Revenue Requirement	**149,782**	**150,026**	**244**	**0.16%**
Other Revenue	-4,877	-4,931	-54	1.11%
Base Revenue Requirement	**144,905**	**145,095**	**190**	**0.13%**

Note: "Exhibit 10 Update" amounts reflect the additional evidence filed April 2, 2026.

Table 7: Proposed 2027-2031 Revenue Requirement ($000)

	2027	2028	2029	2030	2031
Exhibit 10 Update	144,905	156,293	169,003	180,919	198,767
Interrogatory Update	145,095	156,428	169,069	180,888	198,677
Change ($)	190	135	66	-31	-90
Change (%)	0.1%	0.1%	0.0%	0.0%	0.0%

Note: "Exhibit 10 Update" amounts reflect the additional evidence filed April 2, 2026.

2. UPDATED LOAD FORECAST

The table below summarizes the revised load forecast, which is provided in Excel file 3-SEC-68(1)_Load Forecast Update, with further detail outlined in response to IR 3-SEC-68.

		2027	2028	2029	2030	2031
MWh	Application	4,074,560	4,229,959	4,347,847	4,422,917	4,494,069
	Update	3,927,224	4,079,181	4,180,568	4,234,278	4,294,653
	Change	-147,337	-150,778	-167,279	-188,639	-199,416
	Change %	-3.6%	-3.6%	-3.8%	-4.3%	-4.4%
Billed kW	Application	4,677,734	4,935,858	5,124,558	5,219,742	5,310,696

		2027	2028	2029	2030	2031
	Update	4,673,289	4,949,846	5,130,840	5,202,543	5,288,248
	Change	-4,445	13,988	6,282	-17,199	-22,448
	Change %	-0.1%	0.3%	0.1%	-0.3%	-0.4%
Customer/ Connection/ Light Count	Application	237,713	241,765	245,910	250,183	254,526
	Update	231,905	235,122	238,698	242,328	245,804
	Change	-5,809	-6,643	-7,211	-7,855	-8,722
	Change %	-2.4%	-2.7%	-2.9%	-3.1%	-3.4%

3. COST ALLOCATION AND RATE DESIGN

Elexicon – Host Distributor

In Exhibit 7 – Tab 1 – Schedule 1, Section 3.6, Elexicon indicated that it is not a host distributor. This is not correct. This is corrected below.

Elexicon is a host distributor with respect to a single embedded supply point serving Alectra Utilities (formerly PowerStream) in the legacy Veridian rate zone. The nature of this connection was inadvertently missed during the preparation of the application. This connection continues to be billed under the GS 50 to 2,999 kW rate class, and no separate embedded distributor class has been established. This approach is consistent with Veridian's last Cost of Service application (EB-2013-0174), which included a letter confirming agreement between both utilities to continue this treatment at this supply point. Elexicon is consulting with Alectra Utilities and will complete this consultation and the applicable filing requirements, including Appendix 2-Q, over the course of this proceeding.

Update to the Cost Allocation Model and Rate Design

The Cost Allocation Model is updated to reflect the updated 2027 RRWF. The rate design methodology described in Exhibit 8 – Tab 1 – Schedule 1 remains unchanged. Appendix 2-R and the RTSR Workform have been updated to reflect the revised load forecast and approved 2026 UTRs, and bill impacts have been updated correspondingly. See Table 1 above, for attachment references.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-2

Letters of Comment

Following publication of the Notice of Application, the OEB received more than 12 letters of comment. Section 2.1.6 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above.
Going forward, please ensure that responses to any matters raised in subsequent letters of comment are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

RESPONSE:

Per Section 2.1.6 of the Filing Requirements, distributors are expected to file with the OEB their responses to issues raised and feedback within the Letters of Comment related to the application. As of May 3, 2025, Elexicon has received 14 Letters of Comment as part of its Custom Rate Application from customers, Chambers of Commerce, in its service territory as well as the Municipality of Durham. Elexicon has organized its response to all Letters of Comment into key themes. Please see below for the key themes of feedback and Elexicon's response.

1. **Affordability and rate impacts**

Customer Feedback: Some customers raised concerns regarding the level of the proposed rate increases.
Elexicon Response: Elexicon appreciates customers' concerns about affordability and the impact of

electricity rates on household budgets. Elexicon carefully designed this application to balance reasonable rates with the urgent need to invest in restoring reliability, addressing capacity constraints, and supporting growth in the communities we serve.

Elexicon has applied for $1.2 billion in priority investments[1] over the next five years with most of the increased capital spending driven by asset renewal and growth. Elexicon has not asked for all the funding we need but limited our funding request on the basis of rate impacts on customers. Where possible, investments were paced to spread the recovery of costs over multiple years to smooth rate impacts and avoid spikes in rates.

Much of the capacity available in Elexicon's system has been fully utilized, and Elexicon needs to make investments now to ensure its grid and operations can serve significant customer and load growth requirements. The impact of Elexicon's aging and poor condition assets is driving unacceptable reliability performance that will worsen without investment. Elexicon has also experienced significant storms in the past few years, which damaged equipment that underscore the need to increase investment in ensure the grid is resilient for the future.

In developing this Plan, Elexicon evaluated a range of investment scenarios and trade-offs. The resulting Plan reflects the minimum prudent level of investment required to maintain reliability and service quality, while addressing capacity constraints, preparing for continued regional growth and delivering on outcomes that customers value.

This Plan was shared with customers for their input prior to submission to the Ontario Energy (OEB) through a customer engagement survey and received support from 79% of customers, confirming Elexicon's Plan meets customer needs and expectations.

2. Rate harmonization

Customer Feedback: Some customers recommended rate harmonization across legacy rate zones (Veridian and Whitby Hydro) be extended to a 10-year horizon.

[1] Capital and OM&A.

Elexicon Response: Elexicon is proposing to harmonize all distribution rates across its two legacy rate zones effective January 1, 2027, by adopting the existing Veridian Rate Zone (VRZ) rate class structure for Whitby Rate Zone (WRZ) customers. This proposal reflects customer feedback from the engagement surveys, which emphasized fairness by eliminating differences between rate zones.

Elexicon solicited feedback on the pacing of rate harmonization across Elexicon's legacy rate zones (Whitby Hydro and Veridian). Customers were given the option of harmonization by the end of the rate term (by January 1, 2031), or at the start of the rate term (January 1, 2027) and shown the proposed rate changes under both scenarios. Across rate classes, customers did not show a clear preference on the pacing of rate harmonization between VRZ and WRZ rate zones per the engagement survey.

Elexicon is therefore proposing full harmonization in 2027 as it results in more stable and steady rate changes over the term. Specifically, this scenario allows for more gradual rate changes for Whitby customers with only a minor incremental change for Veridian customers over the same period.

3. Investing in growth related infrastructure

Customer Feedback: Some customers suggested that growth-related infrastructure will pay for itself through the revenue it generates, and others shared that growth-related infrastructure should be paid for by developers and not the existing customers who they argue will have no better service as result of investments in infrastructure expansion.

Elexicon Response: As a rate-regulated electricity distribution company, Elexicon is required to follow cost recovery rules established by the OEB. Distributors are allowed to recover an approved revenue requirement through rates, which generally includes planned projects for main distribution system enhancements to support access to, and reliability of, its distribution system. These enhancement projects commonly benefit a broader customer base and reflect general load growth which is why they are recovered from all customers. However, this does not include customer-driven expansion projects that benefit a specific customer or group of customers. In those situations, a "beneficiary pays" approach is used to ensure those who benefit from the expansion are responsible for the associated costs. There is a calculation called an economic evaluation that is undertaken to determine the difference between the cost to build the infrastructure to connect the customer and the revenue forecasted to be recovered from

that customer, over time, through rates. If revenues from rates are insufficient to fully cover the cost, the customer must pay the difference in the form of a capital contribution.

The existing customer base will benefit from other aspects of our proposed capital programs, including investments needs to renew aging infrastructure and maintain system reliability. These investments support the continued safe and reliable operation of the system that existing customers rely on today.

4. Distributed Energy Resources

Customer Feedback: One customer proposed that electricity planning should align with a future where distributed generation lowers long-term costs and utilities be encouraged to invest in bi-directional grids.

Elexicon Response: Elexicon is investing in grid modernization to improve reliability and resilience and to prepare the system for the future connection of distributed energy resources (DERs).

Elexicon is seeing growing interest in DER adoption across the communities we serve. Since 2020, EV adoption in our service territory has increased by 595%. As customer DER adoption grows, Elexicon must keep pace by investing in traditional infrastructure and digital technologies to operate the grid and ensure sufficient capacity for increasing DER connections.

From 2020 to 2024, households, schools, and large commercial customers submitted more than 150 applications to connect DERs. Based on recent activity, ongoing incentives, and improving technology, Elexicon expects interest to accelerate over 2027-2031. We forecast an additional 236 DER connections (nearly 60% higher than the prior period) and 25 MW of DER capacity over 2027-2031. Elexicon's proposed grid modernization investments will ensure the utility is prepared to keep pace with growing DER connections.

5. Meeting Municipal Growth and Supporting Economic Development

Customer Feedback: Elexicon received six letters of comment from the Chambers of Commerce and Boards of Trade representing business communities within our service territory, as well as the Municipality of Durham. These letters each provided support to Elexicon's rate application, noting that approval is needed to advance critical electricity infrastructure investments that will maintain safe, reliable service while supporting housing growth and economic development in their municipalities. The

letters emphasized that timely investment is essential to meet growing capacity and reliability needs and align with regional and provincial priorities.

Elexicon Response: Elexicon appreciates the support from the Chambers of Commerce, Boards of Trade and the Municipality of Durham, representing the business communities across the municipalities that Elexicon serves.

Elexicon agrees that we must be able to invest in energy infrastructure that serves our business communities, including large commercial and industrial projects, and have the capacity required to connect the new requests. 76% of stations within Elexicon's service territory have less than 1MW of available capacity and are unable to connect a large customer or housing development. Without necessary grid investments, there will persist a significant lack of capacity that will cause potential new commercial and industrial projects to relocate to other areas that have capacity and infrastructure readiness. This means Elexicon's communities will lose potential new job creation, suffer regional GDP impacts, and struggle to meet projected housing and small business starts that improve their economic well-being.

Available electrical capacity is a key priority for municipalities seeking to attract new investment. Continued investment in electricity infrastructure is essential to support economic growth. Elexicon has put forward an application designed to address existing capacity constraints within its service territory and prepare to meet forecasted demand by making the investments needed in electricity infrastructure readiness to enable continued economic growth.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-3

Service Territory Population Growth Projection

Ref 1: Exhibit 1 / Tab 2 / Schedule 1 / pp. 6 - 9 (PDF p. 14 - 17)

Please provide a source(s) of data referred to in Ref 1 and indicate when the projection data was prepared.

RESPONSE:

Please refer to the response in 1-CCC-2.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-4

Clearspring's Research and Report
Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A
Ref 2: Clearspring Energy Advisors (Clearspring) working papers

Preamble:
Clearspring undertook an econometric benchmarking study of Elexicon Energy's total distributor costs. This study compared the total cost of Elexicon Energy's distributor services to the benchmark costs after adjusting for differences in the output levels, input prices, and miscellaneous other business conditions of sampled utilities.

Question(s):
a) Are there any corrections, adjustments, clarifications, or other changes to the research or the report that Clearspring wishes to make since the evidence was filed?

b) If so, please provide an updated report and/or working papers and briefly describe the updates.

RESPONSE:
[Response provided by Clearspring]

a) There are no changes to our research or report that would be consequential to Clearspring's recommendations, and no changes to the Clearspring report are required. The only data correction is reflected in 1-Staff-06 and is inconsequential. This change resulted in Elexicon's total cost benchmark score moving from -13.9% to -12.3%, both results indicating a 0.15% stretch factor. Clearspring was requested to show the total cost benchmark impacts of moving to the Handy-Whitman index in 1-Staff-14. This change resulted in Elexicon's total cost benchmark score moving from -13.9% to -14.3%, both results indicating a 0.15% stretch factor. In 1-SEC-23,

Clearspring was asked to provide new inflation forecasts. These new forecasts moved the IPD calculation from 0.25% to 0.36%. Clearspring did not update the benchmark scores for the updated inflation forecasts but the impact would be minimal and inconsequential.

Clearspring has been made aware by Elexicon that the Company has revised its OM&A projections due to increased spending associated with the operation of the Company's system control centre. This adds between $2.3 and $3.3 million per year in OM&A expenses during the CIR period, as shown in Table 2 of Exhibit 10 - Tab 1 - Schedule 1. This increase, by itself, would worsen the Company's benchmark score by less than one percent. However, Clearspring re-ran the model with all of the above changes (data revision, HWI, new inflation forecasts, and increased OM&A) together to test if these possible changes would continue to be inconsequential when examined comprehensively. After making those changes and re-running the model, the benchmark score changes from -13.9% to -12.0%. Both results indicate a 0.15% stretch factor recommendation.

b) Please see response to part a) and no updated working papers are required.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-5

Elexicon Business Conditions

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A

Question(s):

a) Please discuss any special external business conditions that tend to materially increase or reduce the cost of Elexicon's services.

b) How pervasive is bulk metering of multi-family residential establishments in Elexicon's service territory?

c) Does the non-contiguous service territory of Elexicon pose challenges (e.g., higher costs)?

RESPONSE:

a) A discussion of external business conditions that impact costs for distributors is presented in Exhibit 1 - Tab 5 - Schedule 1 - Appendix A - Section 3 - pages 12-13. For a discussion of the conditions that impacted Elexicon specifically, please refer to Exhibit 1 - Tab 2 - Schedule 1 - pages 6-21, and Exhibit 1 - Tab 4 - Schedule 1 - pages 6-7. For a discussion of discrete OM&A conditions that impact the cost of Elexicon's services, please refer to Exhibit 4 - Tab 1 - Schedule 1 - page 7. For a discussion of discrete Capital impacts on the cost of Elexicon's services, please refer to Exhibit 2B - Tab 4 - Schedule 1 - pages 12-23. For a discussion of costs related to financing that impact Elexicon's services, please refer to Exhibit 5 - Tab 1 - Schedule 2 - page 3.

b) Elexicon Energy has a total of 333 bulk meters supporting multi-family residential customers.

c) Yes. Elexicon refers to its response to 1-CCC-1 b), which describes how Elexicon's non-contiguous and mixed service territory contributes to operational complexities and, in certain areas, higher costs of maintaining reliable service.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-6

Clearspring's Data
Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A
Ref 2: Clearspring working papers
Ref 3: PacifiCorp Fact Sheet as downloaded from:
https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/about/PacifiCorp_Fact_Sheet.pdf

Preamble:
Pacific Economics Group (PEG) has questions related to some data series used by Clearspring in its calculations.

Question(s):
a) PEG obtained a slightly different value for Elexicon real total cost in 2031 (ctotwtot=101450) when running the SST code provided by Clearspring than was in the output2025 file provided. Please comment and provide the correct value that should be used in subsequent analysis.

b) Clearspring uses area as a scale variable and gives it full translog treatment in its total cost model. Please confirm that Clearspring's area value for PacifiCorp is erroneous.
i. Please confirm that correcting this error results in an annual average 151 basis point worsening of Clearspring's estimated benchmark scores for Elexicon during the 2027-2031 period. If not confirmed, please provide the change in Elexicon's performance due to this change during the CIR plan term.

RESPONSE:

[Response provided by Clearspring]

a) The value in the Elexicon final modeling dataset is the correct value. The right value to use is ctotwtot = 106,077 in 2031.

b) Confirmed. When inserting the value of 372,695 for PacifiCorp, all the model variables continue to be statistically significant. The benchmark score for Elexicon moves from -13.9% to -12.3%. This continues to indicate a 0.15% stretch factor.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-7

Scope of Clearspring's Benchmarking Work

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A

Ref 2: Clearspring working papers

Preamble: Clearspring only provides total cost benchmarking.

Question(s):

a) Would the incremental cost of OM&A and capital cost benchmarking be fairly modest once total cost benchmarking is underway?

b) Did Clearspring develop OM&A and capital cost benchmarking models for Elexicon Energy? If so, please provide the most credible models developed and the benchmarking results for Elexicon Energy.

RESPONSE:

[Response provided by Clearspring]

a) The incremental cost of conducting OM&A and capital cost benchmarking would be considerably lower if total cost benchmarking is undertaken as well.

b) No.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-8

Clearspring's Total Cost Model

Ref 1: Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 15-16 (PDF pp. 158-159)

Ref 2: Clearspring Working Papers

Ref 3: EB-2021-0110, Joint Report of Clearspring and PEG in Hydro One Networks Inc. (HONI) CIR Proceeding, DATE June 13, 2022.
https://www.rds.oeb.ca/CMWebDrawer/Record/749177/File/document

Preamble:

The variables in the total cost model that Clearspring features are very similar to those in Clearspring's model for the Joint Report in the Hydro One proceeding.

Question(s):

a) Why was a rolling average of peak demand used in this model rather than ratcheted peak demand?

b) Does Clearspring believe a rolling average is conceptually superior to a ratcheted value in the context of Elexicon's customer and peak demand growth forecasts?

c) Please confirm that a rolling average of peak demand is likely to understate the maximum peak demand that distribution systems are built to serve.

d) Did Clearspring assess whether ratcheted peak demand received stronger statistical support in its work for Elexicon? If not, please do a run that uses ratcheted peak demand instead of a rolling average and comment on its relative statistical support.

RESPONSE:

[Response provided by Clearspring]

a) In Clearspring's report in the last Hydro One proceeding (EB-2021-0110), we explained the rationale for using an average peak demand variable rather than a ratcheted one. One reason includes Clearspring considering the merits of and then responding to intervenors who in the past questioned how it makes sense that a ratcheted peak demand variable can never decrease even after years of falling peak demands. The total cost research is focused on the long-run total costs of utilities. This is why capital costs are included into the analysis and Clearspring goes back to the 1940's to gather cost data to best determine total costs. To say that utilities will never adjust costs downward in response to declining peak demands is not an accurate assumption. This assumption is inherent in the ratcheted peak demand construct. While there will be a lag and a residual cost impact to prior high peak demand values, this will not last indefinitely. For this reason, we have settled on using the 10-year rolling average approach in our research and have done so for the last several custom IR applications.

The second rationale for the rolling average peak demand variable versus the ratcheted approach is that a lot of the focus on the benchmarking research results in this context are on the projected Custom IR years. Those peak demands are weather normalized expectations, or averages, around the probabilities of extreme or mild weather outcomes. Since the peak demand forecasts themselves are 50/50 average probability outcomes, using a variable that is itself an average is the more consistent approach.

Regarding statistical support, we have not constructed the ratcheted peak variable for the Elexicon research since we had already settled on the rolling average being the better approach. We did, however, test this in response to an interrogatory in the most recent Toronto Hydro application (EB-2023-0195).

In our response to 1B-Staff-60 part d), we state, "Yes, Clearspring did calculate the variable. The first order ratcheted peak demand variable while still highly statistically significant is less so than the 10-year rolling average used by Clearspring. The t-stat on the ratcheted peak demand is 13.82 versus a t-stat of 22.16 for the rolling average variable. This indicates that it is the rolling average variable that has the stronger t-statistic."

b) Yes. Especially in the context of Elexicon's forecasts. The forecasts are 50/50 average expectations. Clearspring can insert those expectations into our 10-year average peak demand variable with zero bias for or against those years. However, if PEG uses a ratcheted peak demand variable, it will be using the average values for the CIR years when the expectation is that some years will be higher and some years will be lower due to weather fluctuations around the mean expected weather. PEG's ratcheted peak variable is not able to capture this expected variation and will likely lead to giving Elexicon a lower value than it should be given.

c) The rolling average variable will have the same or similar proportion across the sample of the extreme weather capacity that utilities are building towards. This will not bias Clearspring's model or cause results to be less accurate because, while the peak demand will be lower than the forecasted "extreme" peak demand, the proportion below will be similar.

Let's contrast that to PEG's ratcheted peak demand variable. Here the proportion of the variable value compared to the peak demand that utilities are building towards will fluctuate greatly from utility to utility. This is because some utilities will have sustained peak demand growth while others have sustained peak demand declines. These declines can be due to declining average use due to energy efficiency and CDM programs among other reasons. Yet, PEG's ratcheted peak demand variable makes no adjustments to these realities. A utility that has steadily seen peak demand decline and reached its peak demand in 2006, for example, by 2023 is not building towards that same level that it was. Yet, the ratcheted peak demand implicitly assumes that utilities will never reduce their capacity construction targets below what they were in the past.

d) Please see the response to part a).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-9

Clearspring's Total Cost Model

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / p. 18 (PDF p. 161)

Ref 2: Clearspring working papers

Ref 3: EB-2025-0252, JT-1.1.3 (1-Staff-277)

Preamble:

The translogging of scale variables can produce numerous quadratic and interaction terms. While this improves the flexibility of cost models to capture complex cost/scale relationships, statistical theory reveals that the precision of parameter estimates falls as the number of variables in a cost model increases. Cost models with translogged scale variables yield utility-specific estimates of the elasticities of cost with respect to these variables. These can provide checks on whether the output elasticity estimates are reasonable.

In JT-1.1.3 in the Alectra Utilities proceeding, Clearspring said: In the U.S. data sample used, there are 5,709 custom output elasticities possible (1,903 observations multiplied by 3 outputs). Out of the 5,709 possibilities there are 654 negatives for area, 276 negatives for customers, and 271 negatives for peak demand.

Question(s):

a) What are the estimated elasticities of total cost with respect to the three scale variables for Elexicon in Clearspring's model?

b) How common was it for these elasticities to be negative for other companies in Clearspring's sample? Please provide the number of negative output elasticities for each output.

c) Can the translogging of three output variables reduce the precision of model parameter estimates?

RESPONSE:

[Response provided by Clearspring]

a) The custom cost elasticities in 2024 for Elexicon are 2.193 for customers, 1.703 for peak demand, and -0.005 for area.

b) In the U.S. data sample used, there are 5,709 custom output elasticities possible (1,903 observations multiplied by 3 outputs). Out of the 5,709 possibilities there are 655 negatives for area, 356 negatives for customers, and 279 negatives for peak demand.

c) Yes, translogging three output variables can have this effect. However, the advantage is allowing the model to adjust for multiple different output variables. This gives the model the flexibility to adjust for the different proportions and non-linear relationships in outputs. This is a common procedure. For example, the PEG OEB 4GIR Benchmarking model translogs three output variables. In PEG's report in the current Alectra Utilities proceeding when discussing Clearspring's three-output model, PEG states on page 39, "This "translog" treatment of the scale variables affords the model the flexibility to capture nonlinearities in the relationship of cost to operating scale."

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-10

Clearspring's Total Cost Model

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / p. 18

Ref 2: Clearspring working papers

Preamble: Clearspring's cost model includes several variables requiring careful interpretation.

Question(s):

a) Modified congested urban variable:

i. Please confirm that, in Clearspring's sample, the parameter estimate for CU is highly sensitive to the inclusion of just one company (Consolidated Edison of New York). Does that create a disadvantage?

ii. Does the inclusion of the CU variable in the model improve or worsen the benchmarking score of Elexicon?

b) Time trend variable:

i. Please provide Clearspring's interpretation of the time trend parameter in the model, and comment on any implications this should have.

RESPONSE:

[Response provided by Clearspring]

a) i. It would be helpful, if it were possible, to add more utilities similar to Consolidated Edison to the sample. However, that is not currently feasible. Both Clearspring and PEG have agreed on the need and importance of including the percent congested urban variable in several Custom IR applications. During the experts' Hydro One joint conferral process, the inclusion of the percent congested urban variable was not controversial or a concern raised by PEG.

a) ii. The inclusion of Clearspring's CU variable worsens the benchmarking score of Elexicon by a small amount. If the CU variable is excluded, Elexicon's benchmark score would improve to around -17.5%. Clearspring, however, does not have separate models for separate clients. The Clearspring model is, in our view, the best depiction of electric distribution total costs for large Ontario distributors. We are of the view that a model that includes a percent congested urban variable is a better model that best captures the total cost drivers of the industry and, thus, provides the most accurate benchmarks for intervenors to assess the cost performance of the utility and to use as support for stretch factor values.

b) i. The time trend parameter estimates the increase or decrease in annual real total cost for reasons other than changes in the model's explanatory variables. Clearspring does not believe the time trend parameter value should have any implications attached to it. Some consultants conflate the time trend parameter value with the productivity trend of the industry. However, a proper productivity trend study of a given industry is the more accurate approach.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-11

Clearspring's Inflation Forecasts

Ref 1: Clearspring Working papers

Preamble:

The Clearspring working papers indicate that the forecasts used to escalate Elexicon Energy's salaries and wages and the gross domestic product implicit price index (GDPIPI) are from July 21, 2025.

Question(s):

a) Please confirm that the notes on this matter in the file "elexicon.prg" (reference 1) with regard to the referenced price forecasts are accurate.

b) Are more recent forecasts available? If so, how do these compare to what was assumed in the study?

RESPONSE:

[Response provided by Clearspring]

a) Confirmed.

b) Yes, more recent forecasts are available. The growth rates are similar between the forecasts used in this study compared to forecasts from March 2026. The average weekly earnings growth rate from 2027 to 2031 moves from 2.44% to 2.36%. The average GDP-IPI growth rate moves from 2.00% to 1.72%. This will have an inconsequential impact on the total cost benchmark results of Elexicon. However, the updated forecasts, as of the above point in time, would increase the calculated IPD from 0.25% to 0.36%. Please see the response to 1-SEC-23 for the table showing the IPD calculation using the latest forecasts.

The IPD and the benchmark scores are calculated as of a given point in time. The IPD figure would be sensitive to and potentially impacted by on-going forecast updates and could go up or down somewhat as a result of them (based on different specific points in time).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-12

Clearspring's OM&A Input Prices

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / p. 35 (pdf p. 178)

Ref 2: Clearspring Working papers

Preamble:

Clearspring states, "To ascertain Elexicon's wage level, we gathered job occupation wage estimates from the 2011 Canadian Census, using wage data reported for Ontario, translated job occupations to match their U.S. counterparts, and then weighted the job occupation wages by the BLS estimates."

Question(s):

a) Are the methodology and data used to support the Elexicon Energy wage level the same as that used in Clearspring's Alectra work? If not, please provide working papers.

b) Clearspring levelized its OM&A input prices in 2010 and its construction cost index in 2015. Why did Clearspring not use more recent years?

c) Clearspring used the gross domestic product price index to measure the trend in the material and service prices of U.S. utilities. Please confirm that, due to the brisk multifactor productivity growth of the U.S. economy, this index tends to materially understate the growth in U.S. input prices.

RESPONSE:

[Response provided by Clearspring]

a) Yes.

b) Clearspring maintained those same years to remain consistent with the most recent Toronto Hydro benchmarking research (EB-2023-0195), the Hydro One joint conferral research (EB-2021-0110), and the current Alectra Utilities benchmarking research (EB-2025-0252).

c) The index understates U.S. input prices of all goods and services in the U.S. economy because of the brisk MFP growth. This is not necessarily the same as the input prices within the U.S. electric distribution sector. Inflation may be higher or lower than the economy at large. The GDP-IPI is used as a proxy for the non-labour portion of expenses in Ontario with no reference to the MFP for Canada (or Ontario). Specifically, the inflation factor assumes that the non-labour portion of expenses is captured by the GDP-IPI growth rate, absent any mention of Canadian MFP growth. To be consistent between the U.S. and utilities in Ontario and what the Board has decided is the proper non-labour inflation rate, we continue to use the GDPPI for U.S. utility non-labour expense inflation and the GDP-IPI for Ontario utility non-labour expense inflation. Further, it does seem wrong to us that there would be dramatically different inflation rates between the U.S. and Ontario distributors for non-labour inflation given the proximity, similarity in operations, and interconnectedness of the two country's economies.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-13

Clearspring's Total Cost Model

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 16-17 (pdf pp. 159-160)

Ref 2: Clearspring working papers

Ref 3: EB-2025-0252, 1-Staff-19, part c

Preamble:

The sample period for Clearspring's econometric work was the 24 years from 2000 to 2023. Data for 82 companies operating in 2023 were included in Clearspring's sample.

Question(s):

a) Why did Clearspring use such a long sample period in its featured research for Elexicon Energy? If the desire is to maintain consistency with prior Clearspring studies, why is it more important to have the same sample period start date than it is to have the same sample period length?

b) Were shorter sample periods considered? If so, how did the benchmarking results differ?

c) The sample that PEG is currently using in power distributor cost research contains 89 US utilities. Please explain why each of the following 14 utilities that are included in PEG's power distributor cost research sample are excluded from Clearspring's sample.

1. Dayton Power and Light Company
2. Evergy Kansas Central
3. Evergy Metro
4. Fitchburg Gas and Electric Light Company
5. Georgia Power Company
6. Green Mountain Power Corporation
7. Kingsport Power Company
8. MidAmerican Energy Company
9. Narragansett Electric Company

10. NSTAR Electric Company
11. Ohio Power Company
12. Rochester Gas and Electric Corp
13. Southwestern Electric Power Company
14. Upper Peninsula Power Company

d) It initially appears that many, if not most, U.S. utilities that underwent mergers within the sample period have been excluded from Clearspring's sample. Does the exclusion of merged companies from the econometric model improve or benefit the model's performance in the context of benchmarking Elexicon?

Please explain.

RESPONSE:

[Response provided by Clearspring]

a) Clearspring did not see a rationale to deviate from our research methodology in recent applications where we used 2000 as the start year. This is the same start year that we had in the recent Toronto Hydro application (EB-2023-0195), the Hydro One joint report (EB-2021-0110), and the Alectra Utilities application (EB-2025-0252). Maintaining the start year provides consistency. We would encourage PEG to follow this lead in its own benchmarking research. Choosing either the same start year or same period length and then consistently continuing with that methodology from application to application would be helpful and provide assurance that models and sample periods are not being manipulated.

b) No. We did not examine other time periods.

c) Clearspring's sample includes 82 U.S. utilities compared to the 89 cited by PEG. This is a difference of 7 even though PEG says there are 14 missing in Clearspring's sample. This implies that Clearspring's sample also includes utilities that PEG is not including as well. Most of the exclusions cited above are due to mergers, and the remaining from missing or implausible data. Recent mergers are excluded due to the extensive effort necessary to "reconstruct" the new utility for all

the model variables. For example, one of the most important study elements is capital costs. Clearspring's methodology builds up a capital stock starting in the 1940's to accurately calculate capital costs for each utility in the sample.

d) No. We would be of the view that either dataset assuming the mergers are aggregated properly and with sound methodology and model specification, could produce a robust cost model and, therefore, a reliable benchmark analysis.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-14

Clearspring's Asset Price Index

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 8, 38-39 (PDF pp. 151, 181-182)

Ref 2: Clearspring working papers

Preamble:

Clearspring uses a 50/50 average of the growth in

a) the Handy-Whitman summary power distribution construction cost index for the North Atlantic region (HWI) and

b) a Canadian implicit capital stock deflator in its total cost research, while stating that it "remain[s] partial to using the Handy-Whitman electric distribution indexes."

Question(s):

Please provide a new total cost model and the resultant benchmarking results using only the HWI.

RESPONSE:

[Response provided by Clearspring]

Clearspring's position has been for several past Custom IR applications that HWI is the most appropriate index to use for Ontario utility asset price inflation. Conversely, PEG promoted the use of the Canadian implicit capital stock deflator instead of the HWI. To reduce differences, Clearspring and PEG used an average of the two indexes in the last few Custom IR applications including the most recent Hydro One and Toronto Hydro application. We have continued our advocacy for the HWI as illustrated in our statement found in the Preamble.

The benchmark results when making this change are provided below. The 2027-2031 average comes in at -14.3% (compared to -13.9% before the change) which continues to indicate strong cost performance and a 0.15% stretch factor.

Year	% Difference from Total Cost Benchmark
2005	-32.8%
2006	-34.3%
2007	-33.8%
2008	-30.9%
2009	-29.9%
2010	-30.6%
2011	-32.7%
2012	-26.3%
2013	-27.8%
2014	-27.9%
2015	-27.7%
2016	-25.5%
2017	-25.9%
2018	-26.7%
2019	-25.1%
2020	-28.5%
2021	-27.2%
2022	-24.9%
2023	-25.6%
2024	-24.8%
2022-2024 average score	**-25.1%**
2025	-25.3%
2026	-24.8%
2027	-19.8%
2028	-16.2%
2029	-14.5%

2030	-13.3%
2031	-7.5%
2027-2031 average score	**-14.3%**

The accompanying model results are provided below. There are very minimal differences relative to the reported model and all variables continue to be statistically significant.

Variable	Coefficient	Standard Error	T-Stat	P-Value
Customers (N)	0.5163	0.0112	45.9300	0.0000
Peak Demand (D)	0.4564	0.0124	36.7400	0.0000
Area (A)	0.0466	0.0045	10.2700	0.0000
N*N	0.6967	0.0663	10.5000	0.0000
D*D	0.9841	0.0562	17.5000	0.0000
A*A	0.0329	0.0041	8.0900	0.0000
N*D	-1.6453	0.1244	-13.2200	0.0000
N*A	0.1045	0.0131	8.0000	0.0000
D*A	-0.1204	0.0168	-7.1800	0.0000
% Electric	0.1602	0.0194	8.2500	0.0000
Standard Deviation of Elevation	0.0191	0.0028	6.7600	0.0000
% OH*% Forest	0.0402	0.0021	19.5900	0.0000
% Congested Urban	17.1411	0.9152	18.7300	0.0000
% AMI	0.0497	0.0153	3.2500	0.0040
Dx Work	0.1472	0.0270	5.4600	0.0000
O&M Scope Variable	0.0772	0.0071	10.8300	0.0000
Trend	-0.0033	0.0014	-2.3100	0.0300
Constant	13.1999	0.0274	482.0800	0.0000

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-15

Clearspring's Proposed Productivity Factor
Exhibit 1 / Tab 5 / Schedule 1 / p. 15

Preamble:
Elexicon claims that the TFP trend of Ontario distributors in PEG's 2013 study was -0.30% and then states that "the [the Company's proposed] productivity factor of 0.0% represents an implicit additional stretch factor that Elexicon will need to overcome."

Question(s):
a) How can there be an implicit additional stretch factor if Elexicon Energy is fully compensated via the RGF for its forecasted total cost growth less only the 0.15% stretch factor?
b) Is the productivity growth inherent in Elexicon Energy's cost forecast likely to be negative for capital cost?

RESPONSE:
[Response provided by Clearspring]

a) The X Factor is the sum of the productivity factor and stretch factor. The productivity trend research conducted in 4GIR by both PEG and Mr. Fenrick (Mr. Fenrick was employed at a different consulting firm at the time) found a negative industry productivity trend. This negative productivity trend appears to be continuing through 2024. Based on economic cost production theory, the productivity factor should be set at the industry productivity trend. Thus, a negative number. Despite the industry having a negative productivity trend, Elexicon is setting its funding based on a productivity expectation of 0.0% and a stretch factor of 0.15%. This is above the negative industry productivity trend expectation and should be considered an implicit stretch factor.

b) Yes, that is likely, however, context and a more long-term view is necessary. Elexicon's capital productivity prior to 2028 is strongly positive (this includes both historic and forecasted numbers). Using the North Atlantic Handy-Whitman's for the electric distribution industry as the asset price index, Elexicon's 2013 to 2027 capital productivity trend appears to be strongly positive and substantially higher than the industry at large. Further, in its CIR forecasts, Elexicon is planning for the energy transition and substantial growth which means it is building towards outputs that have yet to occur (and, thus, are not accounted for in a productivity study) plus the increasing cost challenges of other items such as distributed generation and cybersecurity. An example of this and a substantial reason for the increased capital spending of Elexicon is the new GTA-East TS station is forecasted to go in service in 2031. The capacity of the station is being built and sized for projected loads well beyond 2031. This adds substantial capital expenditures with no, or little, corresponding output increases, thus appearing to be negative capital productivity if one takes a narrow, short-term viewpoint. Furthermore, the Company's total cost benchmarking scores indicate strong cost performance and total costs below benchmarks are maintained through 2031.

Please see Section 4.5 in Clearspring's Report for a further discussion on why capital spending is expected to exceed the I-X formula. In context of all this information and taking a more long-term view, a negative capital productivity trend in 2028 to 2031 is a reasonable and expected outcome.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-16

Proposed IPD and G factor

Ref 1: Exhibit 1 / Tab 5 / Schedule 1

Ref 2: Ontario Energy Board, Handbook for Utility Rate Applications, October 13, 2016, pp. 25-26.

Preamble:

Elexicon Energy asks the OEB to consider and approve IPD and G factor terms for its index formula that are based on empirical research provided by Clearspring. On pages 25 and 26 of the Rate Handbook the OEB provides some of its expectations for CIR applications. These include: "Custom IR is not a multi-year cost of service" and

> If a five-year forecast is provided, it is to be used to inform the derivation of the custom index, not solely to set rates on the basis of multi-year cost of service….
> It is insufficient to simply adopt the stretch factor that the OEB has established for electricity distribution IRM applications. Given a utility's ability to customize the approach to rate-setting to meet its specific circumstances, the OEB would generally expect the custom index to be higher, and certainly no lower, than the OEB-approved X factor for Price Cap IR (productivity and stretch factors) that is used for electricity distributors.

Question(s):

a) Please confirm that neither the IPD nor the G factor would affect Elexicon Energy's revenue escalation because the RGF term effectively results in OM&A and capital revenue alike being based on forecasted cost growth less the X factor (e.g., in every year of the CIR plan, except the 2027 test year, the value of

Elexicon's proposed CRCI from Table 7 is equal to the Increase in Service Revenue Requirement relative to Prior Year Service Revenue Requirement (%) from line 15 of Table 6 less the X factor of 0.15%).

i. If confirmed, please explain how this approach to CIR fits the requirements outlined by the OEB in the Rate Handbook discussed above.

ii. If not confirmed, please provide an explanation as to why this is not the case.

RESPONSE:

a) Yes, the sum of Elexicon's proposed G Factor, IPD, and RGF, less the impact of X, are equal to Elexicon's forecast Service Revenue Requirement over the 2028 through 2031 period. Please refer to Elexicon's response to 1-SEC-19 for additional context. Elexicon further notes that the RGF enables the utility to reflect in its custom index the circumstances of a unique OM&A profile over the term, specifically the pacing of OM&A expenditures in 2027 to 2028 in effort to mitigate customer rate impacts. Consistent with this pacing, the RGF was designed to prevent over-recovery of OM&A in the latter years of the rate term that would occur if OM&A was solely indexed, and to apply the slowed forecast in OM&A growth (made possible by operational efficiency that Elexicon has built into its 2029-2031 OM&A plan) to offset capital costs in the outer years of the rate term. Elexicon's proposed approach is consistent with the OEB's guidance, including its direction that Custom IR rates be based on "Distributor-specific rate trend for the plan term to be determined by the [OEB], informed by (1) the distributor's forecasts (revenue and costs, inflation, productivity); (2) the [OEB's] inflation and productivity analyses; and (3) benchmarking to assess the reasonableness of the distributor's forecasts."[1]

[1] Ontario Energy Board, Report of the Board: Renewed Regulatory Framework for Electricity page 13.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-17

Clearspring's G Factor Research

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 23-24 (PDF pp. 166-167)

Ref 2: Clearspring working papers

Preamble:

Clearspring's report contains formulas to escalate revenue using information from its econometric total cost model.

Question(s):

a) If the G factor effectively applied only to OM&A revenue, why would designing it using cost-elasticity estimates from an econometric total cost model make more sense than using estimates based on an econometric OM&A cost model?

b) The peak load of Elexicon is forecasted to grow much more rapidly than the number of customers that it serves. Isn't the elasticity of OM&A cost with respect to peak load likely to be materially lower than in a total cost model and the elasticity with respect to customers likely to be much higher? If not, why not?

c) Please explain the rationale for only using two of the three scale variables in Clearspring's model to calculate the G factor.

d) If time-variant data were available for the area variable, wouldn't its growth likely be as slow or slower than customer growth?

RESPONSE:

[Response provided by Clearspring]

a) In Elexicon's proposed escalation formula the G Factor applies to the full revenue envelope, including both OM&A and capital. Furthermore, Clearspring is skeptical regarding using OM&A

cost models in setting parameters within a price or revenue cap index. Accounting differences in capitalization policies and substitution decisions between OM&A and capital will distort these disaggregated models. These issues are mitigated when using a total cost model approach.

b) Clearspring has not estimated an OM&A cost model for Elexicon and does not choose to speculate regarding what the cost elasticity estimates may be.

c) The two variables used in the construction of the growth factor are customers and peak demand. These are the two outputs that are time variant and were also used in the TFP trend research that set the productivity factor. Mathematically, the growth factor should be constructed in a similar manner as the output quantity index in the TFP trend research. If service area had been used in the TFP trend research, the corresponding TFP trend would have likely been lower. If a lower productivity factor had been implemented due to using an area variable as an output component and that productivity factor used in the I-X formula (even if the productivity trend was negative), only then would it be appropriate to include area in the growth factor.

d) This would be a likely possibility but irrelevant in terms of constructing an appropriate G-Factor. Please see Clearspring's response to c).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-18

Clearspring Input Price Differential

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 21-24 (PDF pp. 164-167)

Preamble:

Elexicon proposes to include a fixed input price differential (IPD) in its proposed revenue cap index formula that makes the inflation adjustment more appropriate for OM&A revenue escalation. The IPD is based on forecasts even though inflation factors in Ontario IR plans are based on historical inflation trends.

Question(s):

a) Why does a focus on making the CRCI more suitable for OM&A revenue escalation make sense when the revenue growth factor effectively results in revenue escalation being based on Elexicon's OM&A cost forecast as well as its capital cost forecast? Is this a "fallback strategy" in the event that OM&A revenue growth is not ultimately based on forecasted OM&A cost growth?

b) Please confirm that in US IR proceedings, IPDs are usually calculated using recent historical inflation trends rather than forecasts. Please explain the pros and cons of these approaches and why forecasting is preferable on balance.

c) Please provide updated results for the input price differential calculations based on updated inflation forecasts. Does Elexicon Energy propose to update its input price differential proposal later in this proceeding to reflect updated inflation forecasts? Please provide the rationale for your response.

d) Please explain Elexicon Energy's reasoning for pairing a proposed IPD intended to improve the simulation of OM&A price inflation with a productivity factor based on the industry total factor productivity trend and a G factor that is based on total cost research?

e) Please confirm that if the proposed index did apply only to OM&A revenue the effective Productivity Factor in the CRCI formula would be a cost-weighted average of the (alleged) 0% industry total factor

productivity trend and the negative productivity trend that is implicit in the Company's capital cost proposal. Shouldn't it be a cost-weighted average of the industry partial factor productivity of OM&A inputs and the negative capital productivity trend that is implicit in the Company's capital cost proposal? If not, why not?

RESPONSE:

a) [Response Provided by Elexicon]

Elexicon agrees that a broader IPD that covers both capital and OM&A could be better aligned with economic theory. However, the proposal in the application to focus the IPD on OM&A is one based on balancing theory with practicality. In the case of OM&A, Elexicon's view is that the two indices that comprise the OEB's Inflation factor remain reasonable and are supported by strong precedent in Ontario. As a result, the derivation of the OM&A IPD was a relatively straight-forward exercise. In contrast, while there may be acknowledgement that a potential IPD may exist for capital, there is less precedent and expert agreement on the appropriate index of method of its derivation. The differences in views of appropriate capital escalators is highlighted in Clearspring's response to 1-Staff-14. Given the regulatory burden and cost accurately quantify a capital IPD, Elexicon saw limited value in pursuing a capital IPD when there are well-established OEB precedents regarding capital factors that provide a means to achieve the same outcome as the capital IPD, among other factors.

[Response provided by Clearspring]

b) Confirmed. The pros of using a historical IPD approach is the input prices are set and do not change and that they do not suffer from forecasting error. The cons are that the historical outcomes may not reflect the economic inflationary expectations of future years and the start year of the historical examination is arbitrary, whereas using the forecasted years is based on the specific CIR years.

c) Please see our response to 1-SEC-23, part (g) where we provide the calculations with new forecasts. An updated IPD would currently be 0.36% versus the reported 0.25%.

[Response provided by Elexicon]

As noted by Clearspring in response 1-Staff-11 the IPD can be sensitive to on-going forecast updates. Elexicon does not propose an update to the IPD at this time.

d) Please see Clearspring's response to 1-Staff-17, part a) for a discussion on the drawbacks of an OM&A-specific G-Factor. These also apply to the productivity factor, although the productivity factor also has further drawbacks stemming from the reality that OM&A partial factor productivities tend to have significantly higher annual variance than total factor productivity trends and will be highly sensitive to the arbitrary choice of the start year. Parsing productivity trends into their components also exacerbates the unfairness of the arbitrary productivity factor floor of 0.00%. This contrasts with the IPD, where the inflation factor with the IPD becomes far more accurate in tracking OM&A inflation versus it applying to total costs. A proper total cost inflationary index would include an accurate asset price inflation index, whereas the Board's current IPI does not.

e) Please see the response to part d).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-19

Input Price Differential

Ref. 1: Exhibit 1 / Tab 5 / Schedule 1 / p. 19

Ref. 2: Exhibit 4 / Tab 1 / Schedule 1 / p. 16

Preamble:

Table 7 in Reference 1 provides Elexicon's proposed Custom Revenue Cap Index values for the 2028-31 period. These include inflation of 2% per year, X of 0.15% per year, and G of 2.48% per year.

Table 4 in Reference 2 provides Elexicon's OM&A forecast for the CIR period. It shows a CAGR for OM&A of 4.1% for the CIR term.

Question(s):

a) Please confirm that I - X + G as outlined above sum to 4.33% for each year of the CIR term.

b) Why is an IPD for OM&A expenses appropriate given that the I-X+G terms of the Custom Revenue Cap Index are providing more funding for OM&A than Elexicon forecasts that it needs in the four out years of the proposed plan?

RESPONSE:

a) Confirmed.

b) As noted in response to 1-SEC-19, inclusion of the IPD parameter aligns with economic theory. While the 5 year CAGR of Elexicon's OM&A forecast is less than I-X+G, this is not the case for each year; most notably 2028 in which forecast OM&A requirements increase by 8.2% per Elexicon's

OM&A forecast updated April 2, 2026.[1] While I, G and IPD together reflect the growth in OM&A expenditures which would reasonably be expected over a given period of time, actual conditions may vary from econometric inputs year to year. Elexicon's expenditure forecast is responsive to this dynamic. The practical implication of including the I, G and IPD escalations supported by economic theory in 2029 through 2031 is that these inclusions reduce the incremental escalations required by the Revenue Growth Factor ("RGF"); effectively offsetting incremental capital funding requirements and giving customers the benefit of the forecasted slow-down in OM&A growth in the latter years of the term as the efficiency benefits and improved throughput from Dx Next are more fully realized.

[1] Exhibit 10, Tab 1, Schedule 1, page 5, Table 2

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-20

Input Price Differential

Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / Appendix A / pp. 31-32 (pdf pp. 174-175)

Ref 2: Clearspring Working Papers

Preamble:

Elexicon proposes to include a fixed input price differential (IPD) in its OM&A revenue requirement escalator that is based on Clearspring input price research. The focus is on improving the cost shares in the price index. The cost share of labor SCL is computed as

$$SCL = \frac{\text{Salaries, Wages, Pension and Benefit OM\&A}}{\text{Total OM\&A - Outside Service Provider Expenses}}$$

Outside service provider expenses are removed on the grounds that the labor content of these expenses is unknown.

Question(s):

a) Why doesn't the GDPIPIFDD adequately escalate materials + outside service expenses for inflation? Doesn't the GDPIPIFDD reflect substantial labor expenses in today's increasingly service-driven economy?

RESPONSE:

[Response provided by Clearspring]

The 4GIR decision designated GDP-IPI FDD as the non-labour component of the input price inflation factor. On page 22 of the Clearspring Report we provided footnote 21 that provided the 4GIR citation and we state, "In the 4GIR decision, the index used to measure labour inflation was the Average Weekly Earnings (AWE) for Ontario, published by Stats Canada. The index used to measure non-labour was the Gross Domestic Product-Implicit Price Index, Final Domestic Demand (GDP-IPI FDD) for Canada."

The IPD calculations produced in this case clearly follow that precedent. Naturally, there is a labour component in the GDP-IPI just as there also a labour component in the materials purchased by a utility. Yet, the question is based on what is primarily labour and primarily non-labour in regards to Elexicon's OM&A expenses. The weights have been designed to sum up the labour expenses and divide by the expenses that are clearly labour and non-labour. This approach effectively assumes that the outputs service expenses have the same proportion of labour expenses as Elexicon. This is, in Clearspring's view, a reasonable and fair assumption absent more detailed information.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-21

Inflation Assumptions

Ref. 1: Exhibit 1 / Tab 5 / Schedule 2

Preamble:

Reference 1 addresses the ability of the OEB's approved I factor to track power distributor input price inflation. The Company discloses that its forecasts of brisk capital cost growth are based in part on forecasts of brisk capital price growth. The Company provides extensive evidence showing that prices of many assets related to power distribution grew rapidly in the five years from 2021 to 2025. The Company forecasts capex price inflation to exceed 4.5% annually on average during the out years of its proposed CIR plan. A high evidentiary standard should be expected for inflation evidence. The documentation for Elexicon's inflation evidence is uneven.

Question(s):

a) Please confirm the following statements, explaining any disinclination to confirm them.

i. Custom IR can expose distributors to inflation risk to the extent that it eschews inflation indexing and instead bases revenue escalation on cost forecasts made before the plan begins.

ii. The risk can be reduced by building a custom forecast of utility input price inflation into the cost forecast. However, this increases controversy in the proceeding to approve the plan and raises concerns about information asymmetries that favor the utility. Good documentation of inflation evidence is essential.

iii. Cost forecasts can be contingent on inflation assumptions that are later trued up to actuals.

iv. The OEB's current I factor could be upgraded to better capture distributor input price inflation.

v. Elexicon's evidence is chiefly concerned with recent asset price (e.g., wood pole) inflation and this is different from the price inflation implicit in annual capital cost (depreciation, taxes, and return on rate base).

b) Why not make forecasts of gross plant additions conditional on capital price inflation and then true

up costs to the actual inflation?

c) Please confirm that the Electricity Distribution Producer Price Index discussed on pp. 6 and 7 of this section includes the cost of power procurement.

d) What consultant(s) assisted Elexicon with its inflation analysis?

e) Please provide detailed sourcing information for each table and figure in Reference 1. For example, please clarify what is meant by "Canadian Inflation Expectations" in Figure 10.

f) Elexicon claims to have forecasted the cost of capital expenditures at the program level and reports a "weighted average inflation rate applied to capital expenditures in Table 18.

i. Please provide detailed support for Table 18, including Excel worksheets with formulas intact or other analysis that can be examined and replicated.

ii. Are these inflation rates informed by the unit costs presented on Tables 5 - 9?

iii. Elexicon Energy states on p. 1 that "Elexicon's inflationary assumptions for its capital programs were primarily informed by trends experienced in the historical period." This was a period of unusually rapid inflation. Please provide any evidence or analysis that suggests the inflation over the plan term will be as rapid as that experienced in the post-Covid period that was caused in part from supply chain dislocations.

iv. For the years of the proposed plan, forecasts of regional Handy Whitman Indexes of power distribution construction cost inflation can be obtained from S&P Global. Did Elexicon or its consultants purchase these forecasts? If yes, please provide.

RESPONSE:

a) [Response provided by Clearspring]

i. Distributors will have inflation risk in either case. Given that capital assets have long lives spanning decades, the historic inflation rates will continue to manifest themselves well into the future regardless of the asset price inflation rates in the upcoming years. Utilities that are replacing 30-year old transformers in 2030 will be paying prices that are driven by the high

inflation rates from 2000 to 2030. Utilities on Price Cap Indexing, therefore, have a strong inflation risk, as well as, utilities that are on Custom IR and produce forecasts.

ii. Confirmed that custom forecasts can help to reduce inflationary risk but can be accompanied with controversy and concerns.

iii. This may be a possibility but, to Clearspring's knowledge, has not been proposed in Ontario.

iv. The Board's IPI certainly could be upgraded although it would need to be significant to properly capture distributor inflation. To be consistent, it would need to follow the same assumptions used in the productivity research to formulate the productivity factor. It would also need to account for the historical cost basis of capital rather than be based on an annual asset price trend. Please see Mr. Fenrick's proposal for the inflation index that he made back in the 4GIR proceeding for an index that would have been far superior in tracking electric distribution inflation. He proposed a 3-part IPI, with the third part tracking capital asset prices based on a weighted average of historical asset prices. Using the Handy-Whitman indexes and weighting their inflation rates historically along with an OM&A labour and non-labour price index would be a large step in the right direction.

v. [Response by Elexicon]

Elexicon's evidence is concerned with ensuring that there are appropriate estimates of underlying materials costs in its capital forecasts to reflect the price trends the sector has been experiencing and continues to experience. The factors are driven by broad need for materials to build infrastructure to meet growing demand for electricity to a variety of factors (e.g. data centres, electrification) that is occurring across jurisdictions.

b) This could be done but would add considerable complexity to the annual updates and not provide certainty on annual capital budgets.

c) The Electric Power Distribution Index comprises costs included within North American Industry Classification System 221122. This classification includes "electric power establishments primarily engaged in either (1) operating electric power distribution systems (i.e., consisting of lines, poles,

meters, and wiring) or (2) operating as electric power brokers or agents that arrange the sale of electricity via power distribution systems operated by others."[1]

d) Power Advisory LLC supported Elexicon with its inflation analysis.

e) The source of each figure in Exhibit 1 - Tab 5 - Schedule 1 is provided in Table 1 below.

Table 1: Sources for Reference 1

Figure	Source	Link to Source
Figure 1: Annualized Change Consumer Price Index (2016-2025)	Bank of Canada Key Inflation Indicators and the Target Range, (September 2025)	https://www.bankofcanada.ca/rates/indicators/key-variables/key-inflation-indicators-and-the-target-range/
Figure 2: Electricity Distribution Producer Price Index (2016-2025)	Federal Reserve Economic Data NAICS: 221122	https://fred.stlouisfed.org/series/PCU221122221122
Figure 3: Machinery and Equipment by Industry Price Index (2016-2025)	Statistics Canada Machinery and equipment price index, by industry of purchase, monthly Table: 18-10-0284-01	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810026901
Figure 4: Electrical Equipment Manufacturing Price Indices (2016-2025)	Federal Reserve Economic Data NAICS: 33531, 335311, 33592	https://fred.stlouisfed.org/series/PCU3353133531 https://fred.stlouisfed.org/series/PCU335311335311 https://fred.stlouisfed.org/series/PCU3359233592
Figure 5: Electricity Distribution Product Price Indices (2016-2025)	Statistics Canada Machinery and equipment price index, by industry of purchase, monthly Table: 18-10-0266-01 NAPCS: 38123, 466, 38122	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810026601
Figure 6: Copper Price Trend (2016-2025)	Statistics Canada Raw materials price index, monthly Table: 18-10-0268-01 NAPCS: 152	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810026801
Figure 7: Aluminum Price Trend (2016-2025)	Statistics Canada Industrial product price index, by industry, monthly	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810026701

[1] NAICS Association, "NAICS Code Description: 221122 – Electric Power Distribution", (2022), https://www.naics.com/naics-code-description/?code=221122.

Figure	Source	Link to Source
	Table: 18-10-0267-01 NAICS: 3313	
Figure 8: Wood Poles Price Trend (2016-2025)	Federal Reserve Economic Data BLS Code: 0871-0101	https://fred.stlouisfed.org/series/WPU08710101
Figure 9: Steel Price Trend (2016-2025)	Statistics Canada Industrial product price index, by industry, monthly Table: 18-10-0267-01 NAICS: 3312	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=18100267 01
Figure 10: Canadian Inflation Expectations	Bank of Canada Canadian Survey of Consumer Expectations CES_C1_SHORT_TERM "1-year-ahead inflation expectations"	https://www.bankofcanada.ca/?p=222971

Statistics Canada and Federal Reserve Economic Data sources include the North American Industry Service Classification (NAICS), North American Product Service Classification (NAPCS), or Bureau of Labour Statistics Commodity Code (BLS Code). Figure 10 Canadian Inflation Expectations shows data from the Bank of Canada's Survey of Consumer Expectations for respondent's expectations of inflation in the following year.

All tables in Exhibit 1 - Tab 5 - Schedule 1 are Elexicon's cost and forecast data, except Table 2 OEB Inflation Parameters which is sourced from annual OEB Inflation Parameters letters.

f) [Response provided below]

i. Please refer to the response to 1-CCC-08 b).

ii. Please refer to response (i) above. The weighted average inflation rate applied to capital expenditures was derived from the program level inflation rates within the 2027-2031 period. The materials identified in Tables 5 – 9 did inform the program level inflation rates; however, the program level inflation rates used a more conservative inflation rate than the CAGR values listed in Tables 5 – 9.

iii. Elexicon acknowledges that this historical period experienced unusually high inflation, which is why Elexicon has budgeted its OM&A and capital expenditures using conservative yet reasonable inflation assumptions informed by its recent experience and price trends relevant to the electricity distribution sector. The electricity distribution sector continues to face

higher than historical levels of inflation and the increasing demand for electricity infrastructure is expected to continue through Elexicon's rate period due to the significant increase in forecasted growth across North America. For example, based on recent quotations, the current estimate for a new single transformer Municipal Station (MS) that will be completed in 2027 is approximately $9.9M, and in 2024 a similar MS was completed for $4.5M (a 120% increase in 3 years). The conservative inflation rate applied to capital expenditures (while reasonable) may prove insufficient should recent inflationary pressures continue.

iv. No, Elexicon and Power Advisory did not purchase the referenced Handy Whitman Indexes.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-22

Ratemaking Treatment of Capital
Ref 1: Exhibit 1 / Tab 5 / Schedule 1
Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix 2-AA Capital Expenditure Table
Ref 3: Exhibit 2B / Tab 4 / Schedule 3 Appendices A-P
Ref 4: Alberta Utilities Commission, Decision 27388-D01-2023 (October 4, 2023) Appendix 7 (K-bar calculation) pp. 126-128.
Ref 5: Lowry, Mark Newton, David Hovde, Rebecca Kavan and Matthew Makos, "Impact of Multiyear Rate Plans on Power Distributor Productivity: Evidence from Alberta," The Electricity Journal, Volume 36, Issue 5, June 2023.
Ref 6: EB-2023-0195 Exhibit M1

Preamble: An alternative approach to CIR for Elexicon Energy, is a own-cost trending (e.g., K-bar) approach. In this approach, capital revenue escalation in a multiyear rate plan depends in whole or in part on the utility's recent historical gross plant additions (escalated in some plans for input price inflation and growth in operating scale) instead of its forecasted additions. This approach, pioneered in California, is now also used by regulators in Alberta and Massachusetts. Research by Pacific Economics Group Research ("PEG") found that the establishment of the K-bar approach to capital revenue escalation coincided with a material acceleration in the capital productivity growth of Alberta power distributors.

PEG has developed a hypothetical own-cost trending approach that differs in important respects from that in Alberta in order to better dovetail with Elexicon's stated capex needs and proposed CIR framework in this proceeding. The approach would not apply to some capex categories, and it should be possible to preserve the I - X + C + G + IPDOMA + RGF formula that Elexicon Energy proposes. The formula would not contain an explicit K-Bar term. It is

impractical for PEG to do the required financial calculations. In THESL's 2023 CIR proceeding, PEG identified capital expenditures that could sensibly be subject to K-bar treatment. Several additional steps would have been required to calculate capital or total revenue requirements. In the present proceeding, for example, PEG has relied on capital expenditures (capex) data net of contributions to identify capital projects that would be eligible for own-cost trending or forecasting treatment. Elexicon Energy would need to convert the historical capex into plant additions for the capital projects eligible for own-cost trending. These plant additions would have to be escalated to reflect business conditions during the proposed plan and converted into budgets for each year of the plan. These budgets would then have to be added to Elexicon Energy's (gradually depreciating) rate base of older assets along with plant additions for the asset categories to be determined with forecasts. The appropriate return on rate base, depreciation expenses, and taxes would then be calculated. PEG is not well-positioned to undertake these critical later steps in the revenue requirement calculations.

Question(s):

a) Please provide revenue requirement and rate growth projections for each year of the proposed plan (2027-2031) period that are comparable to Elexicon Energy's proposal and are consistent with the following assumptions.

i. Revenue requirement for 2027 as Elexicon Energy proposed.

ii. Revenue requirement for OM&A expenses net of other operating revenue in years 2028-2031 as proposed.

iii. Capital-Related Revenue Requirement from 2028 to 2031 as proposed except for an alternative basis for some gross plant additions. Capital project categories that are eligible for forecasting and own-cost trending are identified in the attached Table 1. Table 1 features comparisons based on capital expenditures net of customer contributions, rather than gross plant additions.

iv. Gross plant additions designated for own-cost trending would be based on averages of Elexicon Energy's 2020-2024 actual additions escalated for annual inflation and output growth to the applicable "out" years of the proposed plan (2028-31). Here are the steps in this calculation, which

have been implemented by PEG for capex using escalators developed in Tables 2a, 2b, and 2c.

1) For each of the years from 2020 to 2024, gross plant additions in the capital categories designated for own-cost trending should be escalated to 2024 for two external business conditions: inflation and output growth. The Handy Whitman Index of Public Utility Construction Costs for Total Power Distribution Plant in the North Atlantic states is used in these calculations for the years for which required data are available with a two-year lag to be similar to the OEB I factor. Where inflation forecasts are required, we use a weighted average of the forecasts of GDPIPI inflation from Toronto Dominion Economics and of AWE Ontario inflation that PEG purchased from Signal49 Research with the weights from the OEB's I factor for power distributors. These can be replaced with HWI inflation as these data become available with a similar two-year lag (e.g., the I Factor in 2028 could be based on the growth in the HWI in 2026).

2) Calculate the average of the designated gross plant additions that have been escalated to 2024 business conditions for each capital category.

3) Escalate each of these 2024 averages to the four out years of the proposed plan (2028-2031) using inflation plus output growth.

v. Insert these gross plant additions into the rate base calculations that also include Elexicon Energy's forecasts of plant additions for other asset categories. The rate base calculations should include depreciation of older plant and plant retirements as in the numbers reported on line 3 of Table 6 in Exhibit 1/Tab 5/Schedule 1 of Elexicon's CIR submission.

vi. Calculate the resultant levels of Elexicon Energy's capital-related and total revenue requirements for each of the out years of the plan. The results for the level of Elexicon Energy's total revenue requirement should be comparable to the result in line 13 of Table 6, while the results for the level of Elexicon Energy's Capital-Related Revenue Requirement should be comparable to the result in line 8 of Table 6. Calculate the Revenue Growth Factor in the same manner as in lines 14-19 of Table 6.

1 Forecasts of the Handy Whitman Index are available for purchase from S&P Global for a considerable fee. Please apply a reasonable approach regarding the value of disposals or other implementation complications and provide the assumptions you relied upon in your response.

vii. The resultant growth in the Capital-Related Revenue Requirement would be subject to a 0.15% X factor markdown, as Elexicon Energy has proposed.

viii. The portions of the capital revenue requirement that are accorded own-cost trending treatment would not be subject to Elexicon Energy's proposed underspend clawback.

PEG is available to help Elexicon with questions that arise as it undertakes its response.

b) Please comment on Elexicon Energy's own-cost trending approach to ratemaking and on alternative applications of the basic approach (e.g., different asset categories subject to K-bar treatment, different inflation escalator).

c) Which capital program includes the capital contributions Elexicon Energy expects to make to Hydro One Networks over the CIR plan term?

RESPONSE:

a) and b) Elexicon does not agree that this request and exercise is relevant and appropriate, or reasonably feasible in the time period allotted for responding to interrogatories. Elexicon understands that PEG has on its own been able to complete the calculations requested in part a) in other proceedings. In response to 2-CCC-11 (b), Elexicon has provided Appendix 2-AA on an in-service additions basis. Elexicon is unable to undertake the detailed analysis required to answer part (a) of this question within the discovery timelines in the proceeding. Further, Elexicon Energy does not agree with and is not supportive of the application of a K-bar construct to its ratemaking. Exhibit 2B, which includes Elexicon Energy's extensive and detailed Distribution System Plan, lays out comprehensive details regarding the needs and

pressures of Elexicon Energy's system and customer, the investments required to address those needs, and the pacing of such investments. Elexicon Energy's proposed ratemaking framework has been designed to fund those detailed requirements, inclusive of explicit adjustments to incent productivity and manage costs for ratepayers, in a manner that recognizes that the capital needs of any given program vary and are not uniform over the 2027 to 2031 period. This approach is consistent with the OEB's guidance that CIR be informed by a distributor's forecasts[1], consistent with the OEB-stated purpose of CIR, as a means to address "capital programs that are expected to be significant and may include 'lumpy' investments […]" [2], and consistent with numerous CIR applications heard and approved by the OEB[3]. Elexicon Energy believes it is more appropriate to build on the OEB's prior success in CIR, as opposed to fundamentally changing it. To the degree such a change was to take place, it should take place on a generic basis and would be more appropriately addressed through the OEB's Next Generation Rate Framework Consultation where such a change, and its impacts on the sector, could be evaluated in a more holistic manner[4].

c) Elexicon is forecasting approximately $22.1M in capital contributions to Hydro One Networks in 2031 for facilities to connect the proposed GTA East TS to the transmission system. These costs are contained in the Substation Growth capital program. See Exhibit 2B - Tab 4 - Schedule 3 - Appendix I-1, for more details.

[1] Ontario Energy Board, Report of the Board: Renewed Regulatory Framework for Electricity Distributors, October 18, 2012, page 13
[2] Ibid., pages 9-10
[3] e.g., EB-2012-0459, EB-2014-0116, EB-2017-0049, EB-2018-0165, EB-2019-0261, EB-2021-0110, EB-2023-0195
[4] EB-2026-0002

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-23

Ratemaking Treatment of Capital

Ref 1: Exhibit 1 / Tab 5 / Schedule 1

Ref 2: Handbook for Utility Rate Applications, October 13, 2016, pp. 25-28

Ref 3: EB-2023-0195, Partial Decision and Order, November 12, 2024, p. 10 (pdf p. 12)

Ref 4: EB-2021-0110, Decision on Settlement Proposal and Order on Rates,

Preamble:

CIR treatments of capital are sometimes accompanied by a supplemental capital stretch factor.

Question(s):

a) Please comment on whether the proposed ratemaking treatment of capital offers weaker cost containment incentives than the proposed ratemaking treatment of OM&A expenses.

b) Why did Elexicon not propose a supplemental capital stretch factor like those approved for other CIR plans?

RESPONSE:

a) The cost containment incentives affecting capital and OM&A, respectively, within Elexicon's proposed rate framework are comparable. In both instances, distribution revenues are reduced by a combined productivity and stretch factor to incent efficiencies, and Elexicon is responsible for delivering on planned outcomes within these reduced funding envelopes approved by the OEB in order to earn its allowed regulatory ROE. While some of Elexicon's capital programs are subject to deferral or

symmetrical variance accounts,[1] these specific programs are the most at risk from external uncertainties and cost drivers which are outside of Elexicon's control; dampening the utility's ability to effectively respond to incentives. In addition, these drivers are related to the achievement of public policy priorities which warrant different incentives. To maintain appropriate incentives for capital cost control specifically, Elexicon has proposed a 2% in-service addition deadband for its Capital In-Service Addition Variance Account; ensuring that ratepayer interests and utility interests are both well served by incenting delivery of planned outcomes at a lower cost.

b) Elexicon is not aware of any empirical evidence which substantiates the econometric justification for a supplemental capital stretch factor. The benchmarking analysis undertaken by Clearspring, in Appendix A to Exhibit 1 - Tab 5 - Schedule 1, is not dependent on the rate framework. Rather, the Clearspring analysis benchmarks Elexicon's total cost performance based on the total costs forecast in this application. That analysis concludes that Elexicon's forecast total costs will be 13.9% below the benchmark over the 2027-2031 period which is reflective of a good cost performer. Whether a Custom IR framework or Price Cap IR framework is necessary to yield just and reasonable rates to recover the forecast costs is irrelevant to the benchmarking analysis. Cost performance of that magnitude warrants a stretch factor 0.15%. Therefore, Elexicon is proposing to adopt a stretch factor of that magnitude.

[1] Exhibit 1 - Tab 5 - Schedule 1 - pages 20-22

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-24

Deferral and Variance Accounts
Ref 1: Exhibit 1 / Tab 5 / Schedule 1 / pp. 20-23
Ref 2: Exhibit 9 / Tab 4 / Schedule 2 / pp. 24-27

Preamble:
Elexicon Energy is proposing several deferral and variance accounts as part of its CIR plan. These include the Capital In-Service Addition Variance Account ("CISAVA"), Demand Related Work Variance Account ("DRVA"), Connection and Cost Recovery Agreement Variance Account ("CCRAVA"), New Stations Deferral Account ("NSDA"), Non-Wires Solutions Deferral Account ("NWSDA"), and Large Load Revenue Variance Account ("LLRVA")

Question(s):
a) The Company indicates that the CISAVA applies to "the majority of Elexicon's capital program, with the exception of amounts otherwise addressed below via the DRVA, CCRAVA, and SDA." To the extent that any other parts of Elexicon's capital program are addressed with deferral and variance accounts, would CISAVA apply to those amounts?
b) Elexicon Energy proposes to include "mandatory, customer-driven Customer and Generation Connections" in its Demand Related Work Variance Account.
i. Please explain why these capital expenditures merit variance account treatment given that these increase Elexicon Energy's revenues (e.g., through the G factor that Elexicon is proposing) and are often funded at least in part by customer contributions.
ii. Approximately what share of a typical customer connection is not funded by increased revenues or customer contributions?
iii. Approximately what share of a typical generation connection is not funded by increased revenues or customer contributions?

c) Does Elexicon's NWSDA include margins on payments for successful distributed energy resource deployments by 3rd parties? If your answer is no, please explain your reasoning.

RESPONSE:

a) The entirety of Elexicon's capital program is subject to one of the CISAVA, DRVA, CCRAVA, or SDA. Any in-service addition variances which are captured by an account which is not the CISAVA, should not be subject to the CISAVA to ensure there is no double counting. Elexicon's application explicitly contemplates in-service additions subject to the DRVA, CCRAVA and SDA as warranting exclusion from the CISAVA for this purpose. Elexicon has not explicitly contemplated all current and potential future generic variance or deferral accounts which may warrant similar exclusion from the CISAVA for the purpose of avoiding double-counting of variances. Should additional generic capital accounts be established by the OEB over the rate term, Elexicon will adjust the CISAVA accordingly to exclude these accounts, and bring forward this adjustment for review at the time of disposition of the CISAVA.

b)

i. Elexicon's proposal for variance treatment of Customer and Generation Connections is informed by the customer-driven and mandatory nature of these expenditures, their magnitude in the coming years due to Elexicon's anticipated rate of growth, and their heightened uncertainty relative to both other capital programs and past experience, as well as an evolving public policy context to enable housing and economic development. For example, recent policy changes such as the Capacity Allocation Model increase the share of costs that distributors must finance up-front potentially without associated revenues to fund those costs. Please see Exhibit 9 - Tab 4 - Schedule 2 - page 9 – 13 for further explanation and evidence regarding the rationale for symmetrical variance treatment of these in-service additions. Elexicon notes that the DRVA only recovers variances in net in-service additions (i.e. only costs that are not funded by capital contributions). With respect to Elexicon's G Factor, the revenues provided by the G Factor are provided on the basis of forecast customer and

peak demand growth, and are not trued up to actuals during or after Elexicon's 2027 to 2031 rate term. As such the G Factor does not protect ratepayers and the utility from the heightened uncertainty impacting demand-related investments.

ii. The degree to which customer connections are funded by capital contributions and incremental revenue will be significantly impacted by the timing of individual customer energizations (and associated revenues), the demand requirements of individual connection projects, and the specifics of localized system requirements. As such, Elexicon cannot define a 'typical' customer connection. To assess order of magnitude, Elexicon has identified Gross System Access capital expenditures of $374.2 million over the 2027 to 2031 period, of which $218.7 million are paid by way of capital contribution. The remaining $155.4 million[1] to be funded by Elexicon is a substantial investment, which is not only subject to standard variances in capital costs, but also variations in timing driven explicitly by third parties and variations in capital contributions driven both by third parties and changes to policy (e.g. extension of revenue horizon, Capacity Allocation Model).

iii. Similar to load customer connections, the specific capital contributions paid by generation connections will vary on the basis of the specifics of localized system characteristics, and Elexicon cannot define a 'typical' generation connection. The rules regarding cost responsibility for generation customers also have an additional complexity in that they vary depending on whether or not it is a renewable generator, as defined in the DSC, which will impact the degree to which a generator contributes to enabling investments and therefore the capital contribution required. While the derivation of generation customer capital contributions differs from that of load customers, the underlying dynamic of uncertainty is consistent between the two, and merits inclusion in the DRVA.

[1] Appendix 2-AA

c) As noted in Exhibit 9 - Tab 4 - Schedule 2, the account would cover any participant costs of a program such as payments inclusive of any incentives. Elexicon does not have any specific NWS or associated programs developed at this time and cannot provide specifics regarding the nature of the potential incentive at this time. Details would be provided at the time of recovery.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-25

Audited Financial Statements

Ref 1: Exhibit 1 / Tab 8 / Schedule 1 / Attachment 3 Audited Financial Statement 2024, Notes 5, pp. 22-25

Ref 2: EE_Exhibit 2A-1-1(1)_OEB App.2-AA-AB-BA-BB-C_20251219 / Tab App2-BA_Fixed Asset Continuity Schedule

Preamble:

OEB staff has compiled the following tables showing the difference of PP&E and accumulated depreciation between Ref 1 and Ref 2:

Assets	December 31, 2023	Additions/ depreciation	Disposals/ retirements	December 31, 2024
Reference 1 : PP&E	$ 813,340	$ 81,352	$ (2,691)	$ 892,001
Reference 1: Intangible Asset and Goodwill	$ 29,729	$ 13,288		$ 43,017
Total of Reference 1 (A)	**$ 843,069**	**$ 94,640**	**$ (2,691)**	**$ 935,018**
Reference 2: Total PP&E (B)	**$ 632,061**	**$ 63,752**	**$ (2,559)**	**$ 693,254**
Variance (A-B)	**$ 211,008**	**$ 30,888**	**$ (132)**	**$ 241,764**

Accumulated depreciation	December 31, 2023	Additions/ depreciation	Disposals/ retirements	December 31, 2024
Reference 1 : PP&E	$ 166,783	$ 23,691	$ (1,292)	$ 189,182
Reference 1: Intangible Asset and Goodwill	$ 21,359	$ 2,784	$ -	$ 24,143
Total of Reference 1 (A)	**$ 188,142**	**$ 26,475**	**$ (1,292)**	**$ 213,325**
Reference 2: Total PP&E (B)	**$ 172,537**	**$ 21,894**	**$ (1,277)**	**$ 193,154**
Variance (A-B)	**$ 15,605**	**$ 4,581**	**$ (15)**	**$ 20,171**

Question(s):

a) Please prepare a reconciliation and provide an explanation for all variances noted in the tables above.

b) Please update all applicable supporting evidence to reflect changes.

RESPONSE:

a) Variance explanation provided in Tables 1 and 2 below.

Table 1: Requested PP&E Table[1]

Assets	December 31, 2023	Additions/ depreciation	Disposals/ retirements	December 31, 2024
ICM Gross	$ 49,102	$ 6,165	$ -	$ 55,267
Socialized Renewable Energy	$ 676	$ -	$ -	$ 676
Other Non-Rate Regulated items	$ 1,252	$ -	$ -	$ 1,252
Deferred Revenue WIP (2441)	$ 38,570	$ 16,003	$ -	$ 54,573
Deferred Revenue (2440)	$ 121,408	$ 8,720	$ (132)	$ 129,996
Total Asset Variance	**$211,008**	**$30,888**	**$ (132)**	**$241,764**

Table 2: Requested Accumulated Depreciation Table[2]

Accumulated depreciation	December 31, 2023	Additions/ depreciation	Disposals/ retirements	December 31, 2024
ICM Gross	$ 1,399	$ 1,366	$ -	$ 2,766
Socialized Renewable Energy	$ 283	$ 36	$ -	$ 319
Other Non-Rate Regulated Items	$ 531	$ 56	$ -	$ 587
Deferred Revenue WIP (2441)	$ -	$ -	$ -	$ -
Deferred Revenue (2440)	$ 13,392	$ 3,123	$ (15)	$ 16,500
Total Accumulated Depreciation Variance	**$ 15,605**	**$ 4,581**	**$ (15)**	**$ 20,171**

b) Supporting evidence does not require updating. These variances are explained below:

- **Deferred Revenue**

  As per IFRS disclosure requirements Deferred Revenue in 2024 Audited Financial Statements (Exhibit 1, Tab 8, Schedule 1, Attachment 3) is presented in Note 15 on page 42. The fixed asset continuity schedule in Appendix 2-BA includes the Deferred Revenue, except for Deferred Revenue related to ICM which is shown separately in Appendix 2-BA (ICM).

- **ICM**

[1] Numbers may not sum due to rounding.
[2] Numbers may not sum due to rounding.

ICM assets and accumulated depreciation are not included in Total Reference 2 (Appendix 2-BA). ICM is shown in Appendix 2-BA (ICM).

- **Other Items**

Socialized Renewable Energy and Other Non-Rate Regulated Items are included in Total of Reference 1, however they are excluded from Total of Reference 2 (Appendix 2-BA).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-26

Audited Financial Statements

Ref 1: Exhibit 1 / Tab 8 / Schedule 1 / Attachment 3 Audited Financial Statement 2024 / Note 7 / pp.26-27

Ref 2: Elexicon Energy 2026 IRM Application / Group 2 Continuity Schedule

Ref 3: Elexicon Energy 2026 IRM Application / WRZ and VRZ RGM model / Tab 3. Continuity Schedule

Preamble:

OEB staff has compiled the following tables showing the 2024 Regulatory Balances from Refs 1 and Refs 2 & 3:

EB-2025-0312

Reference 1					
000)	**December 31, 2023**	**Balances Rising in the year**	**Recovery/reversal**	**Other Movements**	**December 31, 2024**
Reference 1: Debit balance	56,310	27,429	(29,982)	-	53,757
Reference 1: Credit balance	11,382	3,297	-	-	14,679
Total of Reference 1 (A)	**44,928**	**24,132**	**(29,982)**	**-**	**39,078**

References 2 &3					
000)	**December 31, 2023**	**Balances Rising in the year**	**OEB-Approved Disposition during 2024**	**Principal Adjustment**	**December 31, 2024**
Reference 2: Group 2	5,070	3,543		(1,473)	7,141

Reference 3 WRZ Group 1	3,925	(3,061)	40	422	1,246
Reference 3 VRZ Group 1	11,696	(7,280)	(3)	(112)	4,307
Total Regulatory Balances (B)	**20,691**	**(6,797)**	**37**	**(1,163)**	**12,694**

Question(s):

a) Please reconcile and explain the variance in the tables above by USoA for 2024.

RESPONSE:

a) The reconciliation and explanation of the variances is provided in Excel. Please refer to the response in 1-Staff-26(1)_2024 USofA Variance.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-27

Audited Financial Statements

Ref 1: Exhibit 1 / Tab 8 / Schedule 1 / Attachment 4 Audited Financial Statement 2023 / Note 15 / p.44

Ref 2: Exhibit 4 / Tab 2 / Schedule 1 / Attachment 1 Actuarial Report / pp.3 and 5

Preamble:

Below are the OPEB tables from Refs 1 and 2:

Ref 1: Note 15 Employee future benefits

	2023	2022
Accrued benefit liability recognized, beginning of year	$ 5,816	$ 9,786
Current service costs	120	196
Interest costs	286	289
Benefit payments	(432)	(324)
Remeasurements recognized in other comprehensive income	565	(4,131)
Accrued benefit liability recognized, end of year	$ 6,355	$ 5,816

Ref 2: Section A.1 and A.3

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2022 compared to previous year's figures projected from the most recent full valuation, disclosed in the consolidated Financial Statement as at December 31, 2021:

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**9,933,200**	**5,815,600**

	CY 2021	CY 2022
Current Service Cost	224,800	199,900
Past Service Cost/(Gain)	-	(155,900)
Interest Cost	272,900	293,100
Defined Benefit Cost Recognized in Income Statement	**497,700**	**337,100**
Actuarial (Gain)/Loss	-	(4,130,600)
Defined Benefit Cost Recognized In OCI	**-**	**(4,130,600)**
Defined Benefit Cost	**497,700**	**(3,793,500)**

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

PV DBO at December 31, 2021	9,933,200
2022 Current Service Cost	199,900
2022 Benefit Payments	(324,000)
2022 Interest Cost	293,100
Expected PV DBO at December 31, 2022	**10,102,100**
Past Service Cost/(Gain)	(155,900)
Expected PV DBO after Past Service Cost/(Gain)	**9,946,200**
Actuarial (Gain)/Loss at December 31, 2022	(4,130,600)
PV DBO at December 31, 2022	**5,815,600**

Question(s):

a) Please reconcile and explain the difference between above three tables line by line for 2022

reporting year.

b) Please explain how the past service cost gain of $155,900 in 2022 was treated in the audited financial statements. Please explain how this gain arose and explain the implication on rates, if any.

c) Please confirm that the actuarial gains/losses on OPEB is not included in the rates in this rate application.

RESPONSE:

a) The reconciliation between the three tables is explained by the fact that the first table is particular to Elexicon Energy Inc. and the other two tables are Elexicon Corporation consolidated inclusive of both Elexicon Energy Inc. and Elexicon Group Inc. The line by line reconciliation for 2022 is shown below in the third table.

Figure 1: Tables of Reconciliation

Elexicon Energy - Audited FS	
	2022
Accrued benefit liability recognized, beginning of year	9,786
Current service costs	196
Interest cost	289
Benefit payments	(324)
Remeasurements recognized in other comprehensive income	(4,131)
Accrued benefit liability recognized, end of year	5,816

Elexicon Corporation Consolidated - Section A.1 Valuation Results	
	2022
PV DBO	5,815,600
Current service cost	199,900
Past Service Cost/(Gain)	(155,900)
Interest Cost	293,100
Defined Benefit Cost Recognized in Income Stmt	**337,100**
Actuarial (Gain) / Loss	(4,130,600)
Defined Benefit Cost Recognized in OCI	(4,130,600)
Defined Benefit Cost	**(3,793,500)**

Elexicon Corporation Consolidated - Section A.3 Development of Changes in the PV DBO			
	Elexicon Corporation	**Elexicon Energy Inc.**	**Elexicon Group Inc.**
PV DBO at Dec 31, 2021	9,933,200	9,785,908	147,249
2022 Current service cost	199,900	195,625	4,247
2022 Benefit Payments	(324,000)	(324,047)	-
2022 Interest Cost	293,100	288,717	4,417
Expected PV DBO at Dec 31, 2022	**10,102,100**	**9,946,203**	**155,913**
Past Service Cost/(Gain)	(155,900)	-	(155,913)
Expected PV DBO aftger Past Service Cost/(Gain)	9,946,200	9,946,203	-
Actuarial (Gain)/Loss at December 31, 2022	(4,130,600)	(4,130,612)	-
Defined Benefit Cost	**5,815,600**	**5,815,591**	**-**

b) The past service cost gain of $155,900 in 2022 is for Elexicon Group Inc. as shown in the reconciliation provided in the response to part a) above. Accordingly, it is not in the Elexicon Energy audited financial statements and has no implication on rates.

c) Confirmed that the actuarial gains/losses on OPEB is not included in the rates in this rate application.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-28

Synergy Savings

Ref 1: Exhibit 1 / Tab 4 / Schedule 2 / p. 3 (PDF p. 110)

Ref 2: Exhibit 1 / Tab 4 / Schedule 2 / p. 3, Table 3 (PDF p. 110)

Preamble: Elexicon Energy notes that the combined savings of $5.2M represent a sustained 3.7% reduction in the revenue requirement of the consolidated entity and are expected to persist into the rate period.

Labour synergies are projected to be $3.25M in 2026 and are expected to be sustained throughout the forecast period. Non-labour synergies are expected to be $1.92M in 2026.

Question(s):

a) Provide a show the calculation in how Elexicon Energy arrived at $3.25M in labour-related and $1.92M in non-labour related synergy savings. Please discuss all underlying assumptions.

b) Provide a table showing all reduced FTEs that account for labour-related synergy savings in 2026.

c) Please explain how synergy savings due to these reductions persist into the rate period given the growth in FTEs since 2020 and projected growth during the Custom IR term.

d) Please provide a similar table showing non-labour synergy savings in detail.

RESPONSE:

a) Please refer to the response in 1-CCC-05, c) and g).

b) Please refer to the response in 1-CCC-05 g).

c) Post-merger, Elexicon's FTE levels decreased relative its pre-merger size. Elexicon focused on achieving synergies, operating with a smaller workforce in the immediate post-merger period. The increased throughput and efficiency of the organization is evident in the earlier years of the deferred rebasing period (2019-2022) where overall FTEs were below pre-merger levels despite delivering on levels of capital investment that was greater than anticipated at merger. The benefits of this increased throughput carry forward. Post-merger hiring, as discussed in Exhibit 1 - Tab 4 - Schedule 2, was driven by changes to the business and increasing investment requirements which were not factored into nor reflected in the merger application. To address these changing business requirements, Elexicon added positions to meet utility customer and load growth demands, evolving business risks such as cyber security, and developed internal functions and governance to manage a growing risk profile and meet evolving policy and compliance requirements. These requirements would have created similar labour needs for the legacy utilities. As a merged entity, Elexicon addressed these business requirements with fewer additional resources than would have been required for the legacy utilities to address these drivers as separate entities. These are recognized as savings that persist throughout the custom IR term, given the business requirements persist into the forecast period.

d) Please refer to the response in 1-CCC-05 c).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-29

Ref 1: Exhibit 1 / Tab 4 / Schedule 2 / p. 3 (PDF p. 110)
Ref 2: Exhibit 1 / Tab 4 / Schedule 2 / p. 3 / Table 3 (PDF p. 110)
Ref 3: Exhibit 1 / Tab 4 / Schedule 1 / p. 3 / Table 1, (PDF p. 78)
Ref 4: Exhibit 1 / Tab 4 / Schedule 1 / p. 5 (PDF p. 80)
Preamble:
In Ref 4, Elexicon Energy states that the consolidated utility has realized $31M in synergies during the 2020 to 2025 portion of its deferred rebasing rate period.

Table 1 shown in Ref 3 shows Elexicon Energy's achieved ROE consistently below its deemed ROE of 9.43%.

Question(s):
Please explain Elexicon Energy's synergy savings in the context of Elexicon Energy's declining ROE over the 2019 - 2024 period.

RESPONSE:
The synergy savings achieved as a result of the merger were not sufficient on their own to offset increasing cost pressures from other cost drivers over the post-merger period. As a result, overall costs increased despite the savings which drove the declining ROE. Elexicon would have underearned on its ROE by a greater amount absent the synergy savings that were achieved.

Please see Exhibit 1 - Tab 4 - Schedule 1 for a description of the factors which placed upwards pressure on Elexicon's costs. These factors would have placed similar upwards pressures on each of the predecessor utilities irrespective of the merger.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-30

Ref 1: Exhibit 1/Tab 5/Schedule, p. 8, Table 6 (PDF p. 115)

Question(s):

a) Please provide the OEB-approved FTEs for Elexicon Energy's legacy distributors at the time of the merger.

b) Please compare this to the normalized FTEs of 246 shown in Table 6.

RESPONSE:

a) The number of FTEs maintained by a utility is not approved by the OEB. Rather, it approves a funding envelope within which the utility manages its operations. Prior to merger, the funding levels for Veridian and Whitby were set by the OEB in EB-2013-0174 and EB-2009-0274, respectively. In Veridian's last rebasing, it was forecasting 230 FTE in 2014.[1] Whitby's previous rebasing application predates the use of Appendix 2-K as a filing requirement. The merger of Whitby Hydro and Veridian Connections occurred on April 1, 2019. On April 1, 2019, Elexicon had an approximate headcount of 280, by December 31 of 2019, its headcount was approximately 258, and it's FTE level for 2019 was 268.74.

b) By the end of 2020, Elexicon's FTE level was reduced to 246 on account of retirements and departures.

[1] EB-2013-0174, Veridian Cost of Service application, App. 2-K _Employee Costs, (APPL_Veridian_Chapter2_Appendices_for 2014_20131031_xlsm_20131031), filed October 31 2013.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-31

Climate Projection

Ref 1: Exhibit 1 / Tab 2 / Schedule 1 / p. 19 and Table 3 (PDF p. 27)

Preamble:

Elexicon Energy notes that while it has implemented numerous measures following the weather events shown in Table 3, additional investments are urgently needed to further increase the resilience of its infrastructure. These include hardening of assets by using materials and configurations that are more likely to withstand inclement weather, improving vegetation management practices, building additional feeders/stations to improve redundancy, as well as grid modernization investments to enable reconfiguration of segments of the local grid to improve safety and reduce the frequency and duration of outages.

Question(s):

a) Please provide any source(s) of climate projections that underly this statement.

b) Please explain how system hardening investments will be able to withstand weather events such as the derecho storm in 2022 or the ice storm in 2025.

c) Has Elexicon Energy considered the system hardening investments in the context of the OEB's Vulnerability Assessment and System Hardening report? If not, why not?

RESPONSE:

a) There are no climate projections underlying this statement; rather, Elexicon's experience with Major Event Days (MEDs) and adverse weather events and the resultant impact to grid reliability, resiliency and customer service are the drivers behind this statement.

b) System hardening investments will strengthen the grid's ability to withstand and recover from major weather events and other system disruptions, such as the derecho storm in 2022 and the ice storm in 2025, minimizing service interruptions and accelerating restoration efforts. Some examples of planned investments to improve grid resiliency during the 2027-2031 DSP period include SCADA-Enabled switches (enable remote sectionalizing and rerouting of power after an outage has occurred, reducing restoration time and customer impact), CFCIs (accurate fault location data during outage events), reclosers and self-resetting fuses (respond to faults automatically, maintaining service to unaffected areas and expediting recovery following disruptive events). Details of these example investments (amongst others) can be found in Elexicon's Grid Modernization Plan (Exhibit 2B, Tab 3, Schedule 2, Appendix A).

c) Storm hardening and grid resiliency related investments within Elexicon's 2027-2031 DSP have been informed by historical outage data, asset condition assessments, and other parameters. These investments were not specifically considered in the context of the OEB's Vulnerability Assessment and Storm Hardening (VASH) report given the timing of the release of the VASH report and toolkit in 2025 and Elexicon's Distribution System Plan and associated investments were already in an advanced state at that time. As noted in Elexicon's Distribution System Plan, Elexicon is aligned with the VASH initiative and is enhancing its vulnerability assessment and benefit-cost methodologies. These tools will serve as key inputs in the planning process to help prioritize climate-related vulnerabilities and guide strategic investments in system hardening to improve resiliency, reliability and customer service.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-32

Activity and Program-based Benchmarking - Billing O&M

Ref 1: Exhibit 1 / Tab 5 / Schedule 3 / pp. 16-17 (PDF pp. 231-232)

Ref 2: Exhibit 4-1-1_OEB App.2-J OM&A Programs_20251219. xlsx / Tab App2.-JC OM&A Programs

Ref 3: Exhibit 3-1-2_OEB App.2-IB_Actual and Forecast Load_20251219.xlsx

Preamble:

At reference 1, the application states that the higher average relative to the peer group was primarily due to limitations with the current legacy systems. The application further states that by implementing a modern cloud-based CIS/ERP, Elexicon Energy will see reductions in billing costs per customer and the APB metric is expected to improve over the 2027 to 2031 period.

Question(s):

a) The table below summarizes the forecast billing O&M and number of customers for 2027 to 2031, as provided in reference 2 and 3. Based on the unit cost calculation, billing O&M per customer is forecast to increase by 5.62% in 2027, followed by decreases ranging from 0.45% to 2.10% per year from 2028 to 2031. By 2031, the forecast unit cost per customer is only marginally lower compared to 2026 ($20.11) and slightly higher compared to 2025. Please explain how this forecast trend aligns with the statement in Reference 1 that the new CIS/ERP implementation will reduce billing costs per customer over the 2027-2031 period.

	2026 Bridge Year	2027 Test Year	2028	2029	2030	2031
Billing O&M (A)	$3,712,626	$3,996,631	$4,052,281	$4,069,929	$4,060,581	$4,050,346
Number of customers (B)	184,644	188,190	191,668	195,231	198,915	202,661
Unit Cost ($/Customer) (A/B)	20.11	21.24	21.14	20.85	20.41	19.99
YoY Variance%		5.62%	-0.45%	-1.40%	-2.08%	-2.10%

RESPONSE:

In the forecast period, the implementation of the new ERP/CIS is expected to gradually increase e-billing adoption which will mitigate postage costs within the Billing segment. While total postage costs continue to rise, the forecast OM&A increases are lower than they would have been without increasing e-billing adoption. Additional details on e-billing savings are provided in the response to 4-CCC-51 j.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-33

Activity and Program-based Benchmarking - Poles, Towers, and Fixtures CAPEX

Ref 1: Exhibit 1 / Tab 5 / Schedule 3 / p. 22 (PDF p. 237)

Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix G p. 43 / Table 9

Ref 3: Exhibit 2A-1-1(1) _OEB App.2-AA-AB-BA-BB-C_20251219. xlsx / Tab App2-BA Fixed Asset Continuity Schedule

Preamble:

At reference 1, Table 14 indicates that the unit cost ($/pole addition) increased by 102% from 2020 to 2024. The application attributes the increase to the ongoing replacement of aging poles, reactive pole replacements, and inflationary pressures. The application further notes that the increased system renewal investment for overhead assets should help to reduce the number of reactive replacements and provide downwards pressure on unit costs.

Question(s):

For each year 2027-2031, please provide the annual forecast quantity of newly installed poles (i.e., poles that are not one-for-one replacements), in addition to the replacement quantities provided in reference 2.

b) Please reconcile the annual pole quantities in question (a) with Account 1830- Poles, Towers & Fixtures capital additions ($) for 2027-2031(as provided in reference 3), such that the total number of poles installed (new + replacements) aligns with the capital additions included in the Fixed Asset Continuity Schedule in reference 3.

c) Using the pole quantities provided in question (a) and (b), and Account 1830 capital additions ($) in reference 3, please calculate the annual unit cost ($/pole addition) for 2027-2031 and explain the trend.

RESPONSE:

Elexicon cannot provide the requested information. Please refer to the response in 1-CCC-09 b) for a description of the challenges forecasting asset-related APB metrics.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-34

Activity and Program-based Benchmarking - Forecasted Unit Costs

Preamble:

At reference 1, Table 14 indicates that the unit cost ($/pole addition) increased by 102% from 2020 to 2024. The application attributes the increase to the ongoing replacement of aging poles, reactive pole replacements, and inflationary pressures. The application further notes that the increased system renewal investment for overhead assets should help to reduce the number of reactive replacements and provide downwards pressure on unit costs.

Question(s):

Please provide a detailed breakdown

a) of Elexicon's forecast O&M amounts for each of the six APB programs (Billing, Metering, Vegetation Management, Lines, Stations and Poles, Towers and Fixtures) for each forecast year from 2027 to 2031.

b) For each O&M APB program and forecast year identified in question (a), please provide the corresponding number of units associated (e.g. total poles in system, circuit km of primary line)

c) Using the forecast amounts and number of units provided in question (a) and (b), please calculate the forecasted unit cost for each APB program from 2027 to 2031 and explain the trends.

RESPONSE:

a) Please refer to the response in 1-CCC-09 b).

b) Please refer to the response in 1-CCC-09 b).

c) Please refer to the response in 1-CCC-09 b).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-35

Total Cost Benchmarking Model Discrepancy and Stretch Factor

Ref 1: Exhibit 1, Tab 5, Schedule 1, Appendix A (Clearspring TCB Report)

Preamble:

The OEB's standard benchmarking model (filed as Exhibit 1-5-4(1) in Excel) shows Elexicon's cost performance deteriorating from 3.3 - 5.4% below the benchmark in 2024/2026 to 2.2 to 3.6% above the benchmark by 2028/2031, placing Elexicon in Cohort III with a stretch factor of 0.30%. In contrast, Clearspring's independent analysis reports that Elexicon's costs average 13.9% below the predicted benchmark over 2027 to 2031 and argue for a stretch factor of 0.15%. The approximately 16 percentage point gap between these models has a direct and material impact on the productivity factor applied to the revenue cap formula.

Question(s):

a) Why does the Clearspring model primarily use US utilities for comparison when the executive summary (Tab 1 Schedule 1) makes comparisons to Ontario utilities only. How would Elexicon perform with Clearpsings model against Ontario utilities only.

b) Considering Elexicons model, there is a deterioration of efficiency over the forecast period. Does Elexicon plan to mitigate this and if so what are the specific mitigation steps.

RESPONSE:

[Response provided by Clearspring]

a) Please see the Clearspring's response to 1-SEC-23 b) and 1-CCC-7 d) for a discussion on the advantages of the U.S. dataset when benchmarking Elexicon. The Clearspring model, in its current

form, cannot be run with only Ontario utilities because of the incompatibility in cost definitions and variables.

b) [Response by Elexicon]

As discussed in 1-Staff-15 b), it's important to consider the context and take a more long-term view when considering efficiency. Section 4.5 of the Clearspring Report (Exhibit 1 - Tab 5 - Schedule 1 - Appendix A) outlines some of the reasons why capital spending could increase at a rate greater than inflation. While Elexicon's total cost benchmarking results do deteriorate over the term, it's important to note the increased investment is caused by drivers that are aligned with the factors articulated in the Clearspring report.

Elexicon is projecting to be one of the fastest growing utilities in the province and has the obligation to plan for and invest in infrastructure to meet the projected demand of its service territory. 75% of the feeders in Elexicon's distribution system do not have sufficient capacity to connect a large load or residential developments (i.e. < 1MW of available capacity). Addressing constraints means that Elexicon will need to build stations, feeder enhancements and conduct voltage conversions to add the necessary capacity to its system and meet forecast growth. These investments, such as the GTA East TS, require the outlay of capital before the associated outputs (i.e. load demand) arrive, which impacts Elexicon's efficiency score in the near-term.

Elexicon is also experiencing a deterioration in its reliability performance driven primarily by defective equipment. The current level of investment is not sustainable and, if left at current levels, will result in continued degradation of system performance which will impact customer experience and hamper economic activity within Elexicon's service territory.

These drivers of investment are further detailed in Exhibit 2B - Tab 1 - Schedule 1.

As noted on page 28 of the Clearspring Report: "There is a tendency for utilities to revert to cost expectations (benchmarks) over time. Low-cost utilities who do well in robust benchmarking studies, will eventually boost capital stock levels to sustainable levels to avoid or restrict the degradation of reliability and other performance metrics."

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-36

Depreciation - Typical Useful Life

Reference 1: Chapter 2 Appendix / Tab 2-BB

Reference 2: Exhibit 2A / Tab 2 / Schedule 1 / pp. 1 - 2 (PFD p. 22-23)

Preamble:

The application states that certain assets have effective useful life (EUL) outside of the ranges established by the Asset Depreciation Study prepared by Kinectrics, and provides Elexicon Energy's explanation of variances where Elexicon Energy's EULs are below that of Kinectrics ranges. Elexicon Energy stated that it applies useful lives that exceed the Kinectrics maximum for certain assets, stating that these assets remain safe, reliable, and effective to operate for longer periods based on Elexicon Energy's specific circumstances.

Question(s):

a) Please confirm that EUL is synonymous with typical useful life (TUL). If not, please describe the difference.

b) Please explain what due diligence was performed to validate the EULs from Whitby Hydro and Veridian Connections.

c) Please explain what evidence supports safe operation for assets beyond maximum Kinectrics EUL.

RESPONSE:

a) Typical useful life (TUL) represents an industry-standard reference life for an asset class, whereas effective useful life (EUL) reflects the expected in-service life of assets under actual operating and maintenance conditions. As such, EUL may differ from TUL and should not be considered synonymous.

b) Whitby Hydro adopted the Veridian useful lives upon merger (refer to 9-Staff-167). Veridian useful lives was aligned to the OEB commissioned depreciation study performed by Kinectrics, with report issued in July 2010 that set the useful life benchmarks. Please refer to Appendix 2-BB.

c) When an asset exceeds its typical useful life (TUL), it is not assumed to be unsafe as a result and assets operating beyond their TUL are common in distribution utility systems. Inspection and maintenance programs are performed across distribution and substation assets, and these activities are a critical component of Elexicon's Asset Management process. They are designed to assess asset condition, identify risks to safety, reliability, or the environment, and implement timely corrective actions. Asset replacement is typically pursued when maintenance or refurbishment is no longer technically or economically viable, and this may occur when an asset's condition deteriorates to the point where failure or safety risks outweigh the cost of replacement. Please see Exhibit 2B - Tab 3 - Schedule 3 - pages 1 – 9 for further details on Elexicon's asset lifecycle optimization policies and practices.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-37

Coordination with the Independent Electricity System Operator

Ref 1: Exhibit 2B / Tab 2 / Schedule 1 / p. 5 (PDF p. 59)

Preamble:

Elexicon Energy indicated that outside of the Renewable Energy Generation investment process, regional planning process, and long-term energy supply process, it does not regularly engage with the Independent Electricity System Operator (IESO).

Question(s):

Has Elexicon Energy engaged with, or have plans to engage with, the IESO as it relates to its Electricity Demand Side Management (eDSM) Framework? If so, please describe Elexicon Energy's historic and/or future involvement.

RESPONSE:

Yes, engagement among Elexicon Energy, the Independent Electricity System Operator (IESO), and other community stakeholders related to the Electricity Demand Side Management (eDSM) framework is ongoing. To support current and future participation, Elexicon Energy has onboarded three (3) eDSM advisors in 2026, funded by the IESO, to develop and implement action plans aimed at promoting and marketing the availability of IESO eDSM programs to Elexicon customers. Historically, the legacy entities that merged to form Elexicon in 2019 participated in a range of conservation and demand management initiatives, including the legacy Veridian Connections through partnerships with organizations such as the Coalition of Large Distributors (CLD) and the Ontario Power Authority (OPA). These efforts supported conservation initiatives and program delivery for residential, commercial, and industrial customers, and continued until program delivery transitioned to the IESO in 2019.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-38

System Peak Load Forecast

Ref 1: Exhibit 2B / Tab 3 / Schedule 1 / pp. 17, 18, 20, 23, 25 (Exhibit 2B Part 1, PDF pp. 516, 517, 519, 522, 524)

Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / pp. 55-63 (Exhibit 2B Part 1, PDF pp. 604 - 612)

Preamble:

Elexicon Energy selected the P90 (Extreme Weather) scenario, High Growth scenario and High building Electrification and Medium EV for capacity planning purposes. The probability of the Extreme Weather scenario occurring is 10%. An average 3.2% year over year growth in load is projected for the 2025-2031 period.

Question(s):

a) What impact does the repeal of the Federal Zero-Emission Vehicle (ZEV) mandate have on the applicability of the Medium EV scenario?

b) What is the probability of the High Growth scenario occurring?

c) What is the probability of the High Building Electrification Scenario occurring?

d) What are the impacts to capacity in-service dates for substation growth under an overall Medium Growth scenario?

e) Please provide the 2024 actual peaks and the 2025 forecast peaks for the bar graphs shown in Figures 24 through 32.

f) What was the actual summer and winter peak demands in 2025?

g) What were the regression model predictions for system peak demand for 2022 and 2023?

h) What were the 2025 Residential and Commercial and Industrial actual electrification numbers and how do they compare to the 2025 targets in the municipal energy plans?

RESPONSE:

a) The repeal of the Federal Zero-Emission Vehicle (ZEV) sales mandate does not materially affect the applicability of the Medium EV scenario used in the peak load forecast. The Medium EV scenario reflects realistic and balanced expectations of EV market growth in Ontario, accounting for gradual infrastructure development, evolving consumer preferences, and uncertainty related to market conditions. As a point of reference, the ZEV sales reach approximately 60% by 2035 and 74% by 2036 in the Medium EV scenario, which remains broadly aligned with the federal government's current direction of achieving 75% EV sales by 2035. Accordingly, the Medium EV scenario remains suitable for evaluating EV-related system impacts for capacity planning purposes.

b) A specific probability has not been assigned to the growth scenarios developed for the customer growth, building electrification, or electric vehicle adoption sub-forecasts. The High Growth scenario, for example, is not intended to represent a forecasted outcome with an associated likelihood, but rather a planning sensitivity informed by regional and municipal growth targets. Elexicon's role is to test system adequacy under higher-growth conditions and to ensure that development targets set out in federal, regional, and municipal plans can proceed on schedule and without distribution capacity constraints. Accordingly, infrastructure planning is informed by these long-term planning documents and policy objectives, even though the precise timing and sequencing of individual developments may vary.

c) Please refer to the response to part b).

d) The Substation Growth program includes projects where the N 1 Municipal Station (MS) Planning Capacity is currently exceeded, which represents Elexicon's planning target to maintain adequate contingency. These conditions are documented in the respective planning capacity tables for each project in Exhibit 2B - Tab 4 - Schedule 3 - Appendix I - Section 6.1. In the case of Winchester West MS, while the N 1 MS Planning Capacity is not currently exceeded, the investment is partially

customer‐driven and experiences capacity constraints associated with specific customer‐initiated load growth, which is expected to materialize in 2027. In addition, Winchester West MS is currently in the design phase, long lead materials have been ordered, and Phase 1 is planned to be in service in 2027. Adopting a Medium Growth scenario may defer the year in which Maximum Planning Capacity thresholds are exceeded; however, these thresholds are used as extreme case planning indicators and do not directly determine project in service dates. In service timing must account for existing N 1 constraints, system reliability risk, and construction lead times. Accordingly, adoption of a Medium Growth scenario does not materially change the planned in service timing of MS projects within the Substation Growth program. For more details on the GTA East TS project, please refer to the response in 2-Staff-80 c) and d).

e) Please refer to the response in 2B-SEC-50 a).

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

g) Prior to weather normalization, the regression model is validated using both in-sample (training set) and out-of-sample (test set) predictions for each main district within Elexicon's service territory. Aggregating the test-set peak demand predictions across all districts to represent system peak demand yields estimated values of 721.36 MW in 2022 and 687.87 MW in 2023.

h) Elexicon does not track actual building electrification adoption at the end-use level for residential, commercial, and industrial customers. Elexicon does not have visibility into behind-the-meter equipment such as electric space heating systems, as this information is not captured through metering data or customer billing records. As a result, Elexicon is unable to report actual 2025 building electrification counts by customer type or directly measure alignment with electrification targets set out in municipal energy plans. Municipal electrification targets represent long-term objectives intended to guide policy and infrastructure planning. Elexicon therefore relies on aggregate load and peak demand observations and scenario-based analysis in its peak load forecast to assess the potential system impacts of electrification over the planning horizon.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-39

Non-Wires Solutions Pre-Screening Methodology

Ref 1: Exhibit 2B / Tab 3 / Schedule 5 / pp. 1-4 (PDF pp. 858-861)

Ref 2: Exhibit 2B / Tab 3 / Schedule 5 / Appendix A (PDF p. 863)

Preamble:

Elexicon Energy provided the non-wires solution pre-screening framework that was then applied to all capital investments within its 2027-2031 Distribution System Plan that fall within the scope of the OEB's Non-Wires Solutions Guidelines.

Question(s):

a) Please explain in detail how Elexicon Energy's non-wires solution pre-screening framework incorporates all non-wires solutions requirements of the OEB's Non-Wires Solutions Guidelines for Electricity Distributors and Benefit-Cost Analysis Framework for Addressing Electricity System Needs.

b) Does Elexicon Energy intend to leverage its non-wires solutions pre-screening framework to screen all potential non-wires solutions opportunities (i.e., those where the traditional poles and wires option has a capital cost of both greater than and less than the $2M threshold)?

RESPONSE:

a) Please see Table 1 below, which captures the requirements for non-wires solutions (NWS) pre-screening frameworks specifically, as outlined in the OEB's Non-Wires Solutions Guidelines for Electricity Distributors and Benefit-Cost Analysis Framework for Addressing Electricity System Needs, and the manner in which Elexicon's NWS pre-screening framework developed by Charles River Associates (CRA) addresses these requirements.

Table 1 Requirements for Non-Wires Solutions Pre-Screening Frameworks

Requirement	NWS Guidelines Reference	BCA Guidelines Reference	Manner of Incorporation in Elexicon's NWS Pre-Screening Framework
Distributors filing rate applications in 2024 or 2025 are strongly encouraged to use the BCA framework.	S. 1.1, pp. 3-4	S. 2.4, p.8	Elexicon retained CRA to develop a comprehensive pre-screening framework, apply it to its planned capital investments, and subsequently carry out the BCA assessments on investments exceeding $2 million which the pre-screening framework identified as being of potential fit with NWS.[1]
The degree of consideration of NWS should be proportional to the expected benefits.	S. 3.1, p.8, S. 3.2, p.10	S. 6, p.40	The pre-screening framework is made up of multiple sequential assessment stages that require increasing analytical rigour for that pass each preceding screen.
Distributors are encouraged to take account of learnings from NWSs undertaken by other electricity distributors, in Ontario or elsewhere.	S. 3.1, p.8	N/A	CRA's pre-screening framework is informed by precedent research that spans Ontario and U.S. distribution utilities.
Distributors are required to document their consideration of NWSs when making investment decisions on electricity system needs with an expected capital cost of $2 million or more, with the exception from General Plant investments.	S. 3.1, p.8	S. 2.2, p. 5	The pre-screening framework considers all investments with an expected capital cost of $2 million or more aside from General Plant investments.
A distributor should first conduct a pre-assessment to identify whether there is a reasonable expectation that an NWS may be a viable approach to meeting an identified need.	S. 3.1, p.9	N/A	CRA's pre-screening framework entails the pre-assessment of reasonable expectation of NWS viability.

[1] Elexicon notes that it submitted the BCA analysis reports for the investments identified for potential NWS fit through the pre-screening framework in April 2026.

Requirement	NWS Guidelines Reference	BCA Guidelines Reference	Manner of Incorporation in Elexicon's NWS Pre-Screening Framework
Distributors must provide a rationale for all infrastructure investment decisions with an expected capital cost of $2 million or more where NWSs were not considered and/or those situations where NWSs were considered, but a BCA analysis was not conducted due to a pre-assessment finding.	S. 3.1, p.9	N/A	CRA's pre-screening framework considered all planned investments with the expected capital cost of $2 million or more, while the Pre-Screening Assessment Report lays out the findings for all investments sequentially eliminated for further consideration of NWS viability.
Should the pre-assessment conclude that an NWS is a viable approach to meeting an identified need, a distributor should proceed with completing a BCA and documenting the results, to assess its economic feasibility, as described in the BCA Framework.	S. 3.1, p.9	S. 2.2, p.6	CRA report conveying the BCA analysis steps and results for the investments where pre-assessment concluded that NWS may be a viable approach were submitted in April 2026.
Electricity distributors must file their pre-assessments with the related applications to the OEB regardless of whether the pre-assessment resulted in the need for a BCA.	N/A	S. 2.2, p.6	Elexicon has submitted CRA's pre-assessment report in the pre-filed evidence and has since supplemented it with a BCA report for the investments where the pre-assessment determined potential NWS viability.

b) For the 2027-2031 period, in accordance with the OEB's Non-Wires Solutions Guidelines, Elexicon has applied, and intends to continue to apply, the pre-screening framework to traditional poles and wires capital investments that have a capital cost of $2M or greater.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-40

Reliability - Defective Equipment

Ref 1: Exhibit 2B / Tab 2 / Schedule 2 / pp. 47-48 (Exhibit 2B part 2 PDF pp. 489-490)

Ref 2: Exhibit 2B / Tab 2 / Schedule 2 / p. 31 / Table 22 (Exhibit 2B part 2 PDF p. 473)

Preamble:

In reference 1, the application states for the 2020-2024 period that the main contributors to defective equipment outages are underground primary cables, underground secondary cables, and overhead connections and sleeves, which represent the most number of customer interruptions and customer hours of interruption.

Question(s):

a) Please confirm whether Customer Interruptions and Customer Hours of Interruption in reference 1 exclude Loss of Supply and Major Event Days.

b) In Table 22 referenced in the preamble, OEB staff observe that the number of outages attributed to defective equipment declined from 344 in 2020 to 140 in 2023 but then increased to 228 in 2024. Please explain the factors contributing to this trend.

c) Please provide the SAIDI, SAIFI and CAIDI for defective equipment outages (excluding Loss of Supply and Major Event Days) for the top five assets for each year from 2020-2024, using the table below. Please recreate this table for each year:

No.	Asset	Total Outages	SAIDI	SAIFI	CAIDI
1					
2					
3					

4					
5					

Response

a) The Customer Interruptions (CI) and Customer Hours of Interruption (CHI) in reference 1 for the defective equipment cause code excludes Major Event Days (MEDs) and Loss of Supply (LOS).

b) As described in Exhibit 2B - Tab 2 - Schedule 2 - page 48, the decline from 344 outages in 2022 to 140 in 2023 was primarily due to a reduction in non-major equipment failures, particularly components such as secondary service connections, elbows, inserts and other accessories. The later increase to 228 outages in 2024 is attributed to a shift in failure patterns towards major equipment failures, which cause larger-scale outages and prolonged service interruptions, with both customer interruptions and customer hours of interruption rising sharply throughout the historical period.

c) Please refer to Tables 1 through 5 below, which summarize defective equipment related outages for the top five asset classes from 2021 to 2024. The tables present the corresponding SAIDI, SAIFI, and CAIDI metrics for outages attributed to defective equipment, excluding Loss of Supply (LOS) events and Major Event Days (MEDs), for the top five asset categories in each year from 2020 to 2024. Note that Equipment Failure-Other category includes a variety of assets including poles.

Table 1: 2020 - SAIDI, SAIFI, and CAIDI for top 5 asset categories for Defective Equipment (Excluding LOS and MEDs)

No.	Asset Category	Total Outages	SAIDI	SAIFI	CAIDI
1	Underground Primary cable failure	56	0.148	0.093	1.594
2	Equipment Failure - other	27	0.048	0.044	1.093
3	Defective Insulators	5	0.025	0.032	0.766
4	Defective Switches	37	0.015	0.026	0.584
5	Elbow and Insert	7	0.013	0.005	2.574

Table 2: 2021 - SAIDI, SAIFI, and CAIDI for top 5 asset categories for Defective Equipment (Excluding LOS and MEDs)

No.	Asset Category	Total Outages	SAIDI	SAIFI	CAIDI
1	Underground Primary cable failure	44	0.192	0.101	1.900
2	Overhead Primary Connections/Sleeves	19	0.074	0.112	0.658
3	Equipment Failure - other	11	0.031	0.017	1.855
4	Lightning Arrestor	10	0.026	0.026	1.009
5	Defective Insulators	8	0.021	0.006	3.472

Table 3: 2022 - SAIDI, SAIFI, and CAIDI for top 5 asset categories for Defective Equipment (Excluding LOS and MEDs)

No.	Asset Category	Total Outages	SAIDI	SAIFI	CAIDI
1	Substation Equipment	8	0.131	0.106	1.237
2	Underground Primary cable failure	28	0.124	0.051	2.425
3	Overhead Primary Connections/Sleeves	21	0.071	0.045	1.597
4	Defective Insulators	6	0.014	0.005	3.012
5	Distribution Transformer Underground	13	0.014	0.004	3.251

Table 4: 2023 - SAIDI, SAIFI, and CAIDI for top 5 asset categories for Defective Equipment (Excluding LOS and MEDs)

No.	Asset Category	Total Outages	SAIDI	SAIFI	CAIDI
1	Underground Primary cable failure	36	0.156	0.065	2.383
2	Overhead primary Connections/Sleeves	19	0.126	0.057	2.227
3	Defective Switches	25	0.083	0.054	1.536
4	Defective Insulators	6	0.081	0.040	2.055
5	Substation Equipment	4	0.062	0.038	1.631

Table 5: 2024 - SAIDI, SAIFI, and CAIDI for top 5 asset categories for Defective Equipment (Excluding LOS and MEDs)

No.	Asset Category	Total Outages	SAIDI	SAIFI	CAIDI
1	Overhead Primary Connections/Sleeves	35	0.237	0.069	3.437
2	Defective Switches	46	0.150	0.207	0.722
3	Underground Primary cable failure	46	0.121	0.065	1.851
4	Substation Equipment	1	0.037	0.015	2.383
5	Distribution Transformer Underground	15	0.022	0.013	1.748

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-41

Capital Planning

Ref 1: Exhibit 2B / Tab 3 / Schedule 1 / pp. 32-34 (Exhibit 2B Part 1, PDF pp. 531-533)

Preamble:

Elexicon Energy states that it develops discrete project scopes to address capital investment needs.

Elexicon Energy states that it prioritizes projects to ensure that investments are directed toward areas of highest need.

Question(s):

a) Please provide the Project Scope documents for all material projects proposed for the 2027-2031 forecast period.

b) Please provide the individual Project Prioritization scoring for all material projects proposed for the 2027-2031 forecast period.

RESPONSE:

a) Elexicon develops discrete project scopes to address capital investment needs each year to support work that is generally carried out the following year. For instance, in 2026, Elexicon will define project scopes intended for 2027 execution. Each project scope contains specific details on the investment – typically at the asset or geographic level – and the standardized structure of the project scopes ensures that each capital project is well-defined, justified, and ready for prioritization and inclusion in the Capital Execution Work Program (EWP). As these project scopes for 2027 execution are still in-development, a template of the project scope document has been provided below.

1

Project Name			
Scope Entry Date			
Design Start Date			
Requested In-Service Date			
Project Number			
Job Numbers			
Project District			
Project Location			
Feeder ID			
Investment Category			
Budget Category			
Project Overview			
Primary Drivers			
Secondary Drivers			
Explanation of Drivers			
Scope of Work			
Preliminary Estimate	Gross: $XX,XXX	Contribution: $XX,XXX	Net: $XX,XXX
Customer Preference Alignment			

Criticality Score			
Impacted Customers and Entities			
Options Analysis			
Eligibility for Non-Wires Solutions ***This section is only necessary for any non-General Plant Investment with a Preliminary Estimate of $2 Million or more****			
Effect on System O&M Costs			
Benefits and Outcomes	**<u>Quantitative Outcomes:</u>** **<u>Qualitative Outcomes:</u>**		
Cost Benchmarks			
Materials to be Ordered and Resource Hours			
Project Execution			
Submitted By	[DRP's Name]	Date:	
Reviewed By	[Reviewer Name]	Date:	
Approved By	[Approver Name]	Date:	

b) As noted in Exhibit 2B - Tab 3 - Schedule 1, Page 33, Line 13, as part of the Capital Planning stage, Elexicon prioritizes projects to ensure that investments are directed toward areas of highest need, balancing risk, reliability, customer impact, and regulatory compliance. Project prioritization is

guided by a structured criticality-based framework that integrates both mandatory and risk-based criteria. Ultimately, this process ensures that capital investments are selected and sequenced based on objective, risk-informed criteria. By applying a standardized framework, Elexicon ensures that projects addressing the highest system risks, customer impacts, and operational constraints are advanced first.

Please note that individual project prioritization is determined during the scope development phase. As mentioned above, the project scopes for 2027 execution are still in development, along with the corresponding prioritization of each project within that process. Please refer to the "Project Prioritization" section within Exhibit 2B - Tab 3 - Schedule 1, which provides further details into this prioritization process and key outputs.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-42

2025 Asset Condition Assessment

Ref 1: Exhibit 2B / Tab 3 / Schedule 2 / Appendix B (Exhibit 2B Part 1, PDF pp. 648- 844)

Ref 2: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Preamble:

Appendix B provides the 2025 Asset Condition Assessment report. Elexicon Energy states that for assets missing age data, service age was estimated using the average age of its adjacent assets. Section 4.1 provides information on Distribution Assets by category (i.e. 4.1.1 Wood Poles). Each category lists a TUL for the asset under the Demographics section.

Question(s):

a) The TUL for Wood Poles in the ACA summary is stated to be 45 years (p. 26). Table A-1 seems to indicate a TUL of 55 years. Reference 2 indicates a 40-year useful life. Which is correct?

b) The TUL for Concrete Poles in the ACA summary is stated to be 60 years, as does reference 2. Table A-6 seems to indicate a TUL of 55 years. Which is correct?

c) For underground primary cable, age and number of splices is used to determine the Health Index (HI). Are the splices used in development of the HI the result of initial installation practices or the result of failed cable replacement?

d) How much of the 1143 km of underground primary cable assessed to be in poor or very poor condition is based on assumed age (i.e., age data missing)?

e) The TUL for Overhead Conductor in the ACA summary is stated to be 60 years. Table A-16 seems to indicate a TUL of 80 years. Which is correct?

f) How many of the 793 pole mounted transformers assessed to be in poor or very poor condition are based on assumed age (i.e. age data missing)?

g) How many of the 1077 pad-mounted transformers assessed to be in poor or very poor condition are

based on assumed age (i.e. age data missing)?

h) How many of the 329 vault transformers assessed to be in poor or very poor condition are based on assumed age (i.e. age data missing)?

i) The TUL for Vault Transformers in the ACA summary is stated to be 35 years.
Table A-22 seems to indicate a TUL of 40 years, and reference 2 states 30 years. Which is correct?

j) The TUL for Submersible Transformers in the ACA summary is stated to be 35 years. Table A-24 seems to indicate a TUL of 40 years, and reference 2 states 30 years. Which is correct?

k) The TUL for Padmount Switchgear in the ACA summary is stated to be 30 years.
Table A-30 (seems to indicate a TUL of 40 years, and reference 2 states 25 years. Which is correct?

l) How many of the 76 overhead switches assessed to be in poor or very poor condition are based on assumed age (i.e. age data missing)?

m) The TUL for Overhead Switches in the ACA summary is stated to be 45 years.
Table A-32 seems to indicate a TUL of 40 years, and reference two states 20 years and 40 years. Which is correct?

n) Please provide the individual condition parameter HI algorithm scoring for each of the four power transformers assessed to be in poor and very poor condition.

o) The TUL for Power Transformers in the ACA summary is stated to be 45 years, as does reference 2. Table A-39 seems to indicate a TUL of 50 years. Which is correct?

p) Please provide the individual condition parameter HI algorithm scoring for each of the five circuit breakers assessed to be in poor and very poor condition.

q) The TUL for Circuit Breakers in the ACA summary is stated to be 45 years, and reference 2 states 40. Table A-51 seems to indicate a TUL of 60 years. Which is correct?

r) Please provide the individual condition parameter HI algorithm scoring for each of the 15 station switches assessed to be in poor and very poor condition.

s) The TUL for Station Switches in the ACA summary is stated to be 50 years.
Table A-58 seems to indicate a TUL of 39 years, and reference 2 states 40 years. Which is correct?

t) The TUL for Station Batteries in the ACA summary is stated to be 15 years.
Table A-59 seems to indicate a TUL of 20 years, and reference 2 states 25 years. Which is correct?

u) The TUL for Station Relays in the ACA summary is stated to be 30 years, and reference 2 states 25

years. Table A-63 seems to indicate a TUL of 40 years. Which is correct?

v) Please provide the individual condition parameter HI algorithm scoring for each of the 108 station cable segments assessed to be in poor and very poor condition.

w) The TUL for Station Cables in the ACA summary is stated to be 25 years. Table A-66 seems to indicate a TUL of 33 years. Reference 2 states underground primary cables have a TUL of 40 years. Which is correct?

x) How is the loading criteria for station cables (Table A-67) calculated/evaluated?

y) Please provide the individual condition parameter HI algorithm scoring for the station building assessed to be in poor condition.

z) Please provide the individual condition parameter HI algorithm scoring for each of the 14 stations switchgear assessed to be in poor and very poor condition.

aa) The TUL for Station Switchgear in the ACA summary is stated to be 40 years, as does reference 2. Table A-73 seems to indicate a TUL of 53 years. Which is correct?

bb) The 2025 ACA Report by BBA provided a number of recommendations for improving collecting data for new condition parameters to improve the accuracy and add incremental value from a more granular approach. Recommendations target additional condition parameters or the means of collecting and storing the data already being utilized. Please advise which of the BBA recommendations Elexicon Energy will implement and when. For recommendation(s) not to be implemented, please advise reason(s).

cc) A HI is indicated for Greenwood (fence only) as part of the ACA summary for Municipal stations. Please clarify the nature of Greenwood (location, equipment, purpose).

RESPONSE:

a) Table A-1 in reference 1 details the grading scheme used for service age in wood poles. For example, wood poles over 55 years old would receive a grade of E or a score of 0 in the Health Index (HI) calculation. The typical useful life (TUL) of 45 years was used to calculate the age demographics of wood poles in the ACA analysis.

b) For concrete poles, the ages presented in Table A-6 were used to grade the service age condition parameter when calculating HI results, while the TUL of 60 years was used to the calculate age demographics of concrete poles in the ACA analysis.

c) Splices installed during the initial installation of underground primary cable (i.e. direct buried cable), as well as those splices resulting from repairs to failed cables, are used in development of the Health Index.

d) Approximately 41 km of 1143 km underground cables in Poor or Very Poor condition were calculated with assumed age.

e) For overhead conductors, the ages presented in Table A-16 were used to grade the service age condition parameter when calculating HI results, while the TUL of 60 years was used to calculate age demographics in the ACA analysis.

f) 93 of 793 pole-mount transformers in Poor or Very Poor condition were calculated with assumed age.

g) 30 of 1077 pad-mount transformers in Poor or Very Poor condition were calculated with assumed age.

h) 174 of 329 vault transformers in Poor or Very Poor condition were calculated with assumed age.

i) For vault transformers, the ages presented in Table A-22 were used to grade the service age condition parameter when calculating HI results, while the TUL of 35 years was used to calculate age demographics in the ACA analysis.

j) For submersible transformers, the ages presented in Table A-24 were used to grade the service age condition parameter when calculating HI results, while the TUL of 35 years was used to calculate age demographics in the ACA analysis.

k) For pad-mount switchgear, the ages presented in Table A-30 were used to grade the service age condition parameter when calculating HI results, while the TUL of 30 years was used to calculate age demographics in the ACA analysis.

l) 3 of 76 overhead switches in Poor or Very Poor condition were calculated with assumed age.

m) For overhead switches, the ages presented in Table A-32 were used to grade the service age condition parameter when calculating HI results, while the TUL of 45 years was used to calculate age demographics in the ACA analysis.

n) Table 1 below provides the condition parameter scoring for each power transformer in Poor and Very Poor condition. The power transformer HI algorithm can be found in Table 17 within the referenced 1 exhibit.

Table 1: Power Transformer Condition Parameter Scoring (Poor & Very Poor Assets)

Parameter	BIGELOW-T1	CATHARINE-T1	GARDEN-T2[1]	SIDNEY-M.S.12
Service Age	1	1	3	1
DGA	3	1	0	0
Oil Quality	0	0	4	0
Insulation Resistance	1	4	-	2
Bushing Electrical Test	0	-	-	4
Insulation PF	2	4	-	4
Turns Test Ratio	1	1	-	-
DC Winding Resistance	3	3	-	0
Concrete Pad Condition	2	3	-	3
Paint Condition	3	3	-	2
Oil Leaks	2	1	-	2
Oil Level	2	3	-	2
Breather/Silica Gel	-	-	-	-
Gauges	2	3	-	3
Gas Relay	-	-	-	3
Fans	3	-	-	3
Fan Control	3	-	-	3
Control Cabinet	2	3	-	3
Control Cabinet Heater	-	-	-	3
Enclosures	-	-	-	2
Bushings	3	3	-	-
Insulators	-	-	-	-
Lightning Arresters	-	-	-	-
Off Load Tap Changer Condition	3	3	-	-
Nitrogen Tank and Plumbing	-	-	-	-

o) For power transformers, the ages presented in Table A-39 were used to grade the service age condition parameter when calculating HI results, while the TUL of 45 years was used to calculate age demographics in the ACA analysis.

[1] Note that Garden MS Transformer T2 has a recently repaired unit that was put into service in October 2025, and the ACA results in Table 1 reflect the previous Transformer T2 that failed in 2023.

p) Table 2 below provides the condition parameter scoring for each circuit breaker in Poor and Very Poor condition. The circuit breaker HI algorithm can be found in Table 19 within the referenced 1 exhibit.

Table 2: Circuit Breaker Condition Parameter Scoring (Poor & Very Poor Assets)

Asset ID	CB-Bay RidgesF1	CB-Bay RidgesF3	CB-Edgehill Feeder 53	CB-EdgehillT1	CB-Uxbridge EastF3
Service Age	2	2	0	0	0
Visual Inspection	3	3	2	4	4
Functional Obsolescence	-	-	0	0	4
Electrical Testing	1	1	0	3	0

q) For circuit breakers, the ages presented in Table A-51 were used to grade the service age parameter when calculating HI results, while the TUL of 45 years was used to calculate age demographics in the ACA analysis.

r) Table 3 below provides the condition parameter scoring for each station switch in Poor and Very Poor condition. The station switch HI algorithm can be found in Table 20 within the referenced 1 exhibit.

Table 3: Station Switch Condition Parameter Scoring (Poor & Very Poor Assets)

Asset ID	Service Age	Overall Condition	Contact Resistance	Insulation Resistance
STN_SW-Bigelow_L1-2F1	0	0	4	0
STN_SW-Bigelow_L1-2F2	0	0	4	0
STN_SW-Bigelow_L1-2F3	0	0	4	0
STN_SW-Cavan South_1601-F2	0	0	4	-
STN_SW-Cavan South_1601-F3	0	0	4	-
STN_SW-Cavan South_1601-F4	0	0	4	-
STN_SW-Fairport_33T1-B	0	0	4	-
STN_SW-Fairport_33T2-B	0	0	4	-
STN_SW-Sandy Beach_7B1-B2	0	0	4	-
STN_SW-Sandy Beach_7T1-B1	0	0	4	-
STN_SW-Sandy Beach_7T1-L	0	0	4	-
STN_SW-Sandy Beach_7T2-B2	0	0	4	-
STN_SW-Sandy Beach_7T2-L	0	0	4	-
STN_SW-Town Centre_8T1-L	0	0	4	-
STN_SW-Town Centre_8T1-L-8T2	0	0	3	-

s) For station switches, the ages presented in Table A-58 were used to grade the service age parameter when calculating HI results, while the TUL of 50 years was used to calculate age demographics in the ACA analysis.

t) For station batteries, the ages presented in Table A-59 were used to grade the service age parameter when calculating HI results, while the TUL of 15 years was used to calculate age demographics in the ACA analysis.

u) For station relays, the ages presented in Table A-63 were used to grade the service age parameter when calculating HI results, while the TUL of 30 years was used to calculate age demographics in the ACA analysis.

v) Table 4 below provides the condition parameter scoring for each station cable segment in Poor and Very Poor condition. The station cables HI algorithm can be found in Table 23 within the referenced 1 exhibit.

Table 4: Station Cables Condition Parameter Scoring (Poor & Very Poor Assets)

Asset ID	Service Age	Insulation Resistance	Loading History
STN_CABLE-Applecroft SS_F91	2	0	2
STN_CABLE-Applecroft SS_F92	2	0	1
STN_CABLE-Applecroft SS_F93	2	0	2
STN_CABLE-Applecroft SS_F94	2	0	0
STN_CABLE-Bay Station_F1	3	0	-
STN_CABLE-Bay Station_F2	3	0	-
STN_CABLE-Bay Station_F3	3	0	-
STN_CABLE-Bay Station_F4	3	0	-
STN_CABLE-Beaverton West_F1	2	0	4
STN_CABLE-Beaverton West_F2	2	1	-
STN_CABLE-Bell SS_F101	1	1	1
STN_CABLE-Bell SS_F102	1	1	2
STN_CABLE-Bigelow_2F1	0	0	1
STN_CABLE-Bigelow_2F2	0	0	3
STN_CABLE-Bigelow_2F3	2	0	0
STN_CABLE-Bradshaw_F1	1	2	1
STN_CABLE-Bradshaw_Primary	1	0	0
STN_CABLE-Cascade_F73	0	0	-
STN_CABLE-Cascade_F74	0	0	-
STN_CABLE-Cavan North_F1	0	0	-
STN_CABLE-Cavan North_F4	0	1	-
Asset ID	**Service Age**	**Insulation Resistance**	**Loading History**
STN_CABLE-Conlin_F1 Recloser to Riser	2	0	0
STN_CABLE-Conlin_F2 Recloser to Riser	2	0	2
STN_CABLE-Conlin_F3 Recloser to Riser	2	0	1

STN_CABLE-Crandell_F1	0	0	0
STN_CABLE-Crandell_F2	0	4	1
STN_CABLE-Crandell_F3	0	4	0
STN_CABLE-DRPS Training Facility_Primary	3	0	-
STN_CABLE-Fairport SS_F2	3	1	0
STN_CABLE-Harder_F1	2	0	-
STN_CABLE-James D. Collins_F2-L	2	0	4
STN_CABLE-James D. Collins_Primary	0	1	2
STN_CABLE-Jones SS_T1 Secondary	0	4	0
STN_CABLE-LR Mabley_L1-3F1	0	4	0
STN_CABLE-LR Mabley_L1-3F2	0	4	0
STN_CABLE-Laidlaw_T2 Secondary	3	0	-
STN_CABLE-Laidlaw_T1 Primary	3	0	-
STN_CABLE-Laidlaw_F2	3	0	-
STN_CABLE-Liberty North_Primary	3	0	0
STN_CABLE-Liberty North_Secondary - Bus Duct	1	-	0
STN_CABLE-Monarch_44-714L to 44-717L	3	0	-
STN_CABLE-Monarch_44-715S to 44-724L	3	0	-
STN_CABLE-Monarch_F41	3	0	3
STN_CABLE-Monarch_F42	3	0	3
STN_CABLE-Monarch_F43	3	0	3
STN_CABLE-Monarch_T1 to LB1	3	0	0
STN_CABLE-Notion_Primary	0	0	0
STN_CABLE-Notion_F1	0	1	-
STN_CABLE-Notion_F2	0	1	-
STN_CABLE-Notion_F3	0	1	-
STN_CABLE-Notion_F4	0	1	-
Asset ID	**Service Age**	**Insulation Resistance**	**Loading History**
STN_CABLE-Peacock_Primary	0	0	-
STN_CABLE-Peacock_F1	0	0	-
STN_CABLE-Peacock_F2	0	0	-

STN_CABLE-Peacock_F3	0	0	-
STN_CABLE-Pickering Beach_T2 Primary	3	0	0
STN_CABLE-Reid_F1	0	4	1
STN_CABLE-Reid_Primary	0	0	0
STN_CABLE-Riverside SS_F41	0	0	-
STN_CABLE-Riverside SS_F42	0	0	-
STN_CABLE-Riverside SS_F43	0	0	-
STN_CABLE-Riverside SS_F44	0	3	-
STN_CABLE-Riverside SS_T1 Secondary	0	3	2
STN_CABLE-Rossland East_6T2 Primary	4	0	0
STN_CABLE-Rossland West_8F1	2	1	-
STN_CABLE-Sandy Beach_F1	0	1	2
STN_CABLE-Sandy Beach_F2	0	2	0
STN_CABLE-Shuter SS_F1	2	0	4
STN_CABLE-Sidney_F1	0	3	2
STN_CABLE-Sidney_Primary	0	0	0
STN_CABLE-Squires Beach_10T1 Secondary	3	0	0
STN_CABLE-Squires Beach_10T2 Secondary	3	0	0
STN_CABLE-Squires Beach_ABS10T1-L Cables	0	0	0
STN_CABLE-Squires Beach_ABS10T2-L Cables	3	0	0
STN_CABLE-Squires Beach_F1	0	0	-
STN_CABLE-Squires Beach_F3	0	0	-
STN_CABLE-Squires Beach_F2	3	0	-
STN_CABLE-Squires Beach_F4	3	0	-
STN_CABLE-Taunton East_15T1 Breaker to Riser	2	0	4
STN_CABLE-Taunton East_15T1 TX to Switchgear	2	0	4
STN_CABLE-Taunton East_15T2 Breaker to Riser	2	0	0
Asset ID	**Service Age**	**Insulation Resistance**	**Loading History**
STN_CABLE-Taunton East_15T2 TX to Switchgear	2	0	0
STN_CABLE-Taunton East_15T3 Breaker to Riser	2	0	0
STN_CABLE-Taunton East_15T3 TX to Switchgear	2	0	0

STN_CABLE-Taunton West_Primary	2	0	0
STN_CABLE-Thickson_7T1 Recloser to Riser	2	0	-
STN_CABLE-Thickson_7T1 SWGR to TX	2	0	-
STN_CABLE-Thickson_7T2 Recloser to Riser	2	0	-
STN_CABLE-Thickson_7T2 SWGR to TX	2	0	-
STN_CABLE-Thickson_7T3 SWGR to TX	2	0	-
STN_CABLE-Thickson_7T4 SWGR to TX	2	0	-
STN_CABLE-Victoria West_12T1 SWGR to TX	3	0	-
STN_CABLE-Victoria West_12F2 Recloser to Riser	3	0	-
STN_CABLE-Victoria West_12T2 SWGR to TX	3	0	-
STN_CABLE-Westney Heights_F81	0	0	2
STN_CABLE-Westney Heights_F83	0	0	1
STN_CABLE-Westney Heights_F84	0	0	2
STN_CABLE-Westney Heights_Feed to T1	3	1	0
STN_CABLE-Westney Heights_T1 Secondary	0	0	0
STN_CABLE-Westney Heights_T2 Secondary	0	0	0
STN_CABLE-William Lawler_11T1 AB567 to T1A	1	0	-
STN_CABLE-William Lawler_11T1 T1A to TX	1	0	-
STN_CABLE-William Lawler_F1 Tx to Switchgear	1	0	-
STN_CABLE-William Lawler_F1 SWGR to Riser	1	0	-
STN_CABLE-William Lawler_F2 TX to Switchgear	1	0	-
STN_CABLE-William Lawler_F3 TX to Switchgear	1	0	-
STN_CABLE-William Lawler_F4 TX to Switchgear	2	0	-
STN_CABLE-Wilmot_Primary	3	1	0

w) For station cables, the ages presented in Table A-66 were used to grade the service age parameter when calculating HI results, while the TUL of 25 years was used to calculate age demographics in the ACA analysis.

x) Loading History was graded by calculating its utilization based on its loading history and capacity of each cable. Table A-67 in Ref 1, which is shown in Table 5 below, provides additional details.

Table 5: Station Cables Criteria for Loading History

Condition Rating	Corresponding Condition
A	0 to 50% loaded
B	50 to 70% loaded
C	70 to 100% loaded
D	90 to 100% loaded
E	More than 100% loaded

y) Table 6 below provides the condition parameter scoring for the station building in Poor condition. The station building HI algorithm can be found in Table 24 within the referenced 1 exhibit.

Table 6: Station Building Condition Parameter Scoring (Poor & Very Poor Assets)

Parameter	STN_BUILDING-Uxbridge East
DOOR,_LOCK_AND_LATCH_CONDITION	4
EXHAUST_FAN	-
FIRE_EXTINGUISHER	4
FLOOR_DEBRIS	2
HEATING_AND_AIR_CONDITIONING	2
LEAKS	2
PAINT_CONDITION	0
SHUTTERS/_VENTILATION	0
EYEWASH_STATION	-
BASEMENT/CABLE_PIT	-

z) Table 7 below provides the condition parameter scoring for each station switchgear in Poor and Very Poor condition. The station switchgears HI algorithm can be found in Table 26 within the Reference 1 exhibit.

Table 7: Station Switchgears Condition Parameter Scoring (Poor & Very Poor Assets)

Asset ID	Service Age	Mechanical Integrity	Condition of Pad	Paint	Presence of Moisture	Insulation Resistance Test
SWGR-Bradshaw-1	2	4	4	2	2	0
SWGR-Garden-1	1	0	4	4	4	0
SWGR-James Collins-1	2	4	4	2	2	0
SWGR-James Collins-2	2	4	4	2	2	0
SWGR-Squires Beach-1	2	2	4	0	2	0
SWGR-Squires Beach-2	2	2	4	0	2	0
SWGR-Westney Heights-1	2	4	4	2	0	1
SWGR-Westney Heights-2	2	4	4	2	0	0
SWGR-Bay-1	0	0	4	4	0	0
SWGR-Notion-1	2	2	4	2	2	0
SWGR-Spry-4	2	2	2	4	4	0
SWGR-Wilmot -1	3	4	4	2	2	0
SWGR-Bigelow-1	1	0	-	2	4	0
SWGR-Bigelow-2	1	4	2	4	2	0

aa) For station switchgears, the ages presented in Table A-73 were used to grade the service age parameter when calculating HI results, while the TUL of 40 years was used to calculate age demographics in the ACA analysis.

bb) Elexicon has reviewed the BBA ACA report and its recommendations for improving data collection of asset condition parameters based on an advanced ACA framework for assets. Elexicon is still in the process of assessing the feasibility, cost implications, and operations benefits of some of the recommendations, and decisions will be aligned with reliability objectives and prudent asset management practices.

Table 8 below provides a summary of the recommendations provided by BBA for each asset class in the 2025 ACA Report. Each recommendation has been grouped into the following categories:

- Under Review – Decision Pending. Indicating that further analysis of the recommendation is required before a decision is made.
- Planned for Implementation. Indicating that the recommendation will advance to implementation.
- Not Planned. Indicating that the recommendation has been assessed and will not proceed with rationale stated.

In summary, there are 64 recommendations identified by BBA, and Elexicon is planning to implement 21 of these recommendations. Additionally, 21 recommendations will require further analysis and review prior to a decision being made.

Table 8: Summary of Recommendations for Each Asset Class in the 2025 BBA ACA Report

Asset Class	Potential Condition Parameter	Category	Planned Timing	Comments/Rationale
Wood Poles	Woodpecker Damage	Planned for Implementation	2030	Advance to implementation.
	Shell Condition	Planned for Implementation	2027	Advance to implementation.
Concrete Poles	Rust/Corrosion/Spalling	Planned for Implementation	2030	Advance to implementation.
	Defects/Overall Condition	Planned for Implementation	2030	Advance to implementation.
	Out of Plumb	Planned for Implementation	2030	Advance to implementation.
Underground Cables	Field Testing Results	Under Review	N/A	Under Review
	Fault History	Under Review	N/A	Under Review
	Loading History	Under Review	N/A	Under Review
	Condition of Concentric Neutral	Not Planned	N/A	Minimal benefits, high effort and costs
	Visual Inspections of Terminations/Splices	Not Planned	N/A	Minimal benefits, high effort and costs
Submarine Cables	Field Testing Results	Under Review	N/A	Under Review
	Fault History	Under Review	N/A	Under Review
	Load History	Under Review	N/A	Under Review
Pole-Mounted Transformers	Peak Loading History	Planned for Implementation	2028	Advance to implementation.
Pad-Mounted Transformers	Peak Loading History	Planned for Implementation	2028	Advance to implementation.

Asset Class	Potential Condition Parameter	Category	Planned Timing	Comments/Rationale
	IR Scan Results	Under Review	N/A	Under Review
	Pad/Structure Condition	Planned for Implementation	2028	Advance to implementation.
Vault Transformers	Peak Loading History	Planned for Implementation	2028	Advance to implementation.
	IR Scan Results	Under Review	N/A	Under Review
	Vault Equipment Condition	Under Review	N/A	Under Review
	Vault Condition	Under Review	N/A	Under Review
Submersible Transformers	Peak Loading History	Planned for Implementation	2028	Advance to implementation.
	IR Scan Results	Under Review	N/A	Under Review
	Vault Equipment Condition	Under Review	N/A	Under Review
	Vault Condition	Under Review	N/A	Under Review
Step Transformers	Peak Loading History	Planned for Implementation	2028	Advance to implementation.
	IR Scan Results	Under Review	N/A	Under Review
Pad-Mount Switchgears	IR Scan Results	Planned for Implementation	2029	Advance to implementation.
Overhead Switches	Condition of Operating Mechanism	Under Review	N/A	Under Review
	Condition of Terminations	Under Review	N/A	Under Review
	Counter Readings	Not Planned	N/A	Minimal Benefits and lower priority.
	Condition of Tank/Enclosure	Not Planned	N/A	Minimal Benefits and lower priority.
	Condition of Control Box	Under Review	N/A	Under Review
	Condition of Battery/Charger System	Under Review	N/A	Under Review
	Condition/Operability of the Communications System	Not Planned	N/A	Minimal Benefits and lower priority.
	Oil Condition or Leaks	Not Planned	N/A	Minimal Benefits and lower priority.
	Vacuum Bottle Integrity	Not Planned	N/A	Minimal Benefits and lower priority.
	SF6	Not Planned	N/A	Minimal Benefits and lower priority.
	Technical Obsolesce	Not Planned	N/A	Minimal Benefits and lower priority.
	Missing Age Data	Under Review	N/A	Under Review

Asset Class	Potential Condition Parameter	Category	Planned Timing	Comments/Rationale
	Update Existing Inspection Records	Under Review	N/A	Under Review
Station Power Transformer	Load History	Planned for Implementation	2028	Advance to implementation.
	IR Scan Results	Not Planned	N/A	Minimal Benefits - Any issues identified are addressed immediately
	Insulation moisture content	Not Planned	N / A	Already included in DGA analysis
Circuit Breakers and Recloser	Counter readings	Not Planned	N/A	Minimal Benefits and lower priority
	Condition of bushings and support insulators	Planned for implementation	2027	Advance to implementation
	IR scan results	Not planned	N/A	Minimal data and benefits – breakers are enclosed
	Air leaks (if applicable)	Not Planned	N/A	No air blast breakers in system
	Air consumption test (if applicable)	Not Planned	N/A	No air blast breakers in system
	Vacuum bottle integrity (if applicable)	Not Planned	N/A	Minimal Benefits and lower priority.
	Vacuum interrupter condition (if applicable)	Not Planned	N/A	Minimal Benefits and lower priority.
	Oil leaks (if applicable)	Not Planned	N/A	Minimal Benefits and lower priority.
	Oil analysis (if applicable)	Not Planned	N/A	Minimal Benefits and lower priority.
	SF6 leaks (if applicable)	Planned for implementation	2026	Advance to implementation
	SF6 gas analysis (if applicable)	Not Planned	N/A	Minimal Benefits and lower priority.
Station Relay	Mean time between failures	Under Review	N/A	Under Review
	Discretionary or non-discretionary obsolescence	Planned for implementation	2026	Advance to implementation
Station Building	Service Age	Planned for Implementation	2027	Advance to implementation.
Station Cable	Cable Length	Planned for Implementation	2027	Advance to implementation.
Station Fence	Signage	Not Planned	N/A	Minimal Benefits – Any issues identified are addressed Immediately
	Yard – condition/vegetation/debris	Planned for Implementation	2027	Advance to implementation.

Asset Class	Potential Condition Parameter	Category	Planned Timing	Comments/Rationale
Station Switchgear	Equipment failure history	Planned for Implementation	2027	Advance to implementation
	IR scan results	Not Planned	N/A	Minimal Benefits – Any issues identified are addressed immediately
Station Charger	Service age	Planned for implementation	2027	Advance to implementation

cc) Greenwood Municipal Station (MS) was decommissioned in 2017, and all electrical infrastructure was removed. The existing fencing has been retained in its original location and is occasionally used for storage purposes.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-43

System Renewal Historical Amounts

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / p. 15 (Exhibit 2B Part 2, PDF p. 16)

Preamble: Table 8 provides a summary of System Renewal Historical Net In-Service Additions. In 2021 Overhead Renewal was 101.7% overspent compared to budget.

Question(s):

a) Please provide a more detailed explanation why the Overhead System Renewal amounts were above planned in the year 2021.

b) Please provide a breakdown on the replaced or added assets.

c) Please provide a breakdown between cost due to customer growth and cost due to aging infrastructure.

RESPONSE:

a) The Overhead System Renewal investments focused primarily on the remediation of wood poles, overhead line switches, and quick sleeves that were negatively impacting Elexicon's operations. As defective overhead equipment was a major contributor to system reliability issues, and to address aging and deteriorating infrastructure, Elexicon prioritized overhead system renewal work in 2021. In addition, Elexicon experienced delays in the delivery of certain equipment, including transformers and switchgear, which necessitated the reprioritization of work and the advancement of alternative projects.

b) For a breakdown of the major overhead asset replacements, please refer to Exhibit 2B - Tab 4 - Schedule 3 - Appendix G - Table 9. This table contains a summary of the major overhead asset replacements (actuals, bridge, and forecast) between 2020 to 2031.

c) Investments addressing customer growth are made within the System Service and System Access categories and are not included in the Overhead System Renewal program. The Overhead System Renewal Program targets the mitigation of failure risk through the replacement of end-of-life and Poor to Very Poor condition overhead infrastructure across Elexicon's service area, in addition to replacement of legacy equipment that contributes to reliability and safety risks.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-44

Capital Contributions - Externally-Initiated Plant Relocation

Ref 1: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix A (PDF p. 44)

Preamble:

For the 2020-2026 period, capital contributions averaged 60% of the gross capital expenditures for the Externally-Initiated Plant Relocation program. However, for the 2027-2031 period, Elexicon Energy forecasts that capital contributions will only make up 33% of the gross expenditures in the program.

OEB staff has created the following table based on Table 3: Summary of Expenditures contained in reference 2.

Projects ($M)	2020	2021	2022	2023	2024	2025	2026
A1 Externally - Initiated Plant Relocation (Gross Capex)	6.5	11.8	15.1	35.4	15.3	9.4	6.6
Capital Contributions	4.6	6.1	6.8	23.8	13.1	6.6	2.1
Net Capex	1.9	5.8	8.3	11.5	2.2	2.8	4.6
Capital Contributions as % of Gross Capital	70%	51%	45%	67%	85%	70%	31%
Average Capital Contributions as of Gross Capex 2020-2026	60%						

Projects ($M)	**2027**	**2028**	**2029**	**2030**	**2031**
A1 Externally Initiated Plant Relocation (Gross Capex)	7.6	8.7	8.8	9.0	8.9
Capital Contributions	2.5	2.9	2.9	3.0	3.0
Net Capex	5.1	5.8	5.9	6.0	6.0
Capital Contributions as % of Gross Capex	33%	33%	33%	33%	33%
Average Capital Contributions as % of Gross Capex 2027 - 2031	33%				

Question(s):

a) Please update Table 3: Summary of Expenditures contained in reference 2 with 2025 actual expenditures.

b) Please explain the reasons for the significant decrease in the expected capital contribution ratio in the 2027-2031 period.

c) For each of the 2027-2031 years, for anticipated relocation requests, please provide:

i. Listing of each project forecast in a particular year
ii. Customer (ie. Metrolinx, Region of Durham, etc.) associated with each project forecast in a particular year
iii. Gross expenditure amount for each project forecast in a particular year
iv. Anticipated contribution amount for each project forecast in a particular year
v. Cost sharing arrangement (for example, Public Service Works Highway Act or other).

d) Please provide the specific assumptions used to forecast capital contributions for this program for 2027-2031.

e) The application states that "when these projects present opportunities to maximize construction efficiencies and increase system capacity rather than performing like-for-like replacements, a reasonable cost-sharing arrangement is implemented."

i. How does Elexicon Energy determine whether the replacements that are beyond like-for-

like replacements are cost effective relative to alternatives and prioritize with the overall capital budget? Please provide an example.

ii. Please explain the cost-sharing arrangement if betterments are pursued rather than like-for-like replacements. Please explain how these arrangements are consistent with the Public Service Works on Highways Act.

RESPONSE:

a) Please refer to the revised Table 1 incorporated with 2025 actuals:

Table 1 (Revised): Summary of Expenditures with 2025 actuals

Projects	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Gross ($M)	6.5	11.8	15.1	35.4	15.3	10.7	6.6	7.6	8.7	8.8	9.0	8.9
Contribution ($M)	4.6	6.1	6.8	23.8	13.1	9.8	2.1	2.5	2.9	2.9	3.0	3.0
Net ($M)	1.9	5.7	8.3	11.6	2.2	1.1	4.5	5.1	5.8	5.9	6.0	5.9
Contribution as % of Gross Capital	70%	51%	45%	67%	85%	90%	32%	33%	33%	33%	33%	34%

b) The net capital forecast was developed using historical average contributions to inform the five-year forecast. However, historical data included a significant number of Metrolinx-related projects which resulted in higher capital contributions and are not expected to continue over the 2027–2031 forecast period. Elexicon's cost-sharing arrangement with Metrolinx is not governed by the Public Services Works on Highways Act (PSWHA) and therefore follows a different cost-sharing framework.

c) Please see Table 2 below for known and anticipated Externally Initiated Plant Relocation projects.

Table 2: Anticipated/known road relocation projects

Project Name	Customer	Anticipated Year	Estimated Gross Cost ($M)	Estimated Capital Contribution ($M)	Cost Sharing Agreement
Sandy Beach (Montgomery x Bayly) Road Relocation	City of Pickering	2027	1.79	0.63	Public Service Works on Hwy Act
Kingston Rd BRT – Altona Rd to Steeple Hill	The Regional Municipality of Durham	2027	1.05	0.42	Public Service Works on Hwy Act
Radom (Douglas x St. Martins) Road Relocation	The City of Pickering	2027	0.10	0.04	Public Service Works on Hwy Act
Harwood (Taunton x Rossland) Road Relocation	The Town of Ajax	2027	TBD	TBD	Public Service Works on Hwy Act
Sidney (Between CPR x College) Road Relocation	The City of Belleville	2027	0.92	0.37	Public Service Works on Hwy Act
Dundas Bridge (Front x Coleman) Road Relocation	The City of Belleville	2027	1.67	0.67	Public Service Works on Hwy Act
Avonlough SPS Road Relocation	The City of Belleville	2027	2.14	0.62	Public Service Works on Hwy Act
Whitby Harbor (Brock x Water St) Road Relocation	The Town of Whitby	2029	TBD	TBD	Public Service Works on Hwy Act
190 Westney Switchgear SC35 Relocation	Customer	2027	0.37	0.37	Other

d) Please refer to the response to 2-CCC-20 a).

e)

i. Elexicon assesses projects on a case-by-case basis, considering multiple factors such as future system requirements, including anticipated load growth, as well as redundancy and reliability considerations. In areas where future load growth is anticipated and assets would require upgrading prior to the end of their useful life, Elexicon evaluates opportunities to leverage efficiencies and synergies with Externally Initiated plant relocation projects.

For example, a road relocation project in 2021 required the relocation of a single-phase 8.0 kV pole line. The project area was identified as a future load growth area and Elexicon enhanced the relocated pole line by installing taller

poles instead of like for like asset replacements to make provisions for additional three-phase circuits to support future load growth. This proactive enhancement was completed at an incremental cost of approximately $0.1 (M), compared to an estimated cost of approximately $0.8 (M) that would have been incurred had the pole line required reconstruction in 2026 due to customer load growth in the area.

ii. Where road relocation projects occur in areas identified for future system expansion, enhancement, or other planned Elexicon initiatives, the relocation work is designed to accommodate those future requirements. This may include provisions such as taller poles, additional duct capacity, or other infrastructure to support the future installation of Elexicon assets. In accordance with the Public Service Works on Highways Act (PSWHA), the road authority is responsible for the cost of the relocation. Any incremental costs associated with incorporating Elexicon's future needs into the design and construction are borne by Elexicon and are not charged to the customer.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-45

Variance Explanations - A1 Externally Initiated Plant Relocation

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 12-14 (PDF p. 13-15)

Preamble:

Table 6 in the above noted reference shows that Externally Initiated Plant Relocation net in-service additions have significant variances between actual and planned amounts, ranging from -56% in 2021 to 228% in 2023.

The application states that, "These investments were primarily driven by road relocation projects and third-party requests requiring distribution asset relocations. Gross and net in-service totals operated below plan between 2020-2022 due to deferrals of major projects but accelerated in 2023-2024 as delayed projects were executed along with new projects. Similarly, on a net basis, investments were below plan by a total of $6.64M in 2021-2022 due to deferrals of major projects such as Durham-Scarborough Bus Rapid Transit (BRT) Highway 2 (Liverpool × Dixie) and Peter Matthews (Brock × Toronto Landfill). These projects were completed in 2023, resulting in in-service amounts above plan by $6.4M."

Question(s):

a) For each year 2020-2024, please provide a list of all Externally Initiated Plant Relocation projects that were part of the planned capital program, identifying:

i. Projects planned for the year

ii. Projects actually executed in the year

iii. Projects delayed, deferred, or cancelled

iv. Whether the delay/deferral/cancellation was initiated by the third party (municipality, MTO, developer), by the utility, or jointly

b) Please explain how the utility accounts for externally initiated plant relocation

work in its capital budgeting process when project timing or commitments are uncertain at the time budgets are developed.

RESPONSE:

a) Please refer to the attached Excel file 2-Staff-45(1)_Externally Initiated Plant Relocation for the detailed project listing. The projects that were not delivered in the planned year are identified in Column D (addressing part iii) and Column E identifies the initiating party (addressing part iv).

b) As explained in Exhibit 2B -Tab 4 - Schedule 3, Appendix A, the Externally Initiated Plant Relocation Program addresses mandatory relocations of Elexicon infrastructure to accommodate construction by Road Authorities and other third parties within the public right-of-way. The scope and timing of relocation projects is determined by the requesting third party, and changes in circumstances and third-party discretion can alter schedules and project scopes. To mitigate these variances, Elexicon participates in planning and ongoing project status discussions with Road Authorities and holds regular planning meetings with the various Road Authorities within its service area to plan on the basis of the best available information and to ensure that the scope and timing information remains updated. Elexicon uses the information from these discussions, together with historical trends, to forecast its annual expenditures and project timing.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-46

Capital Contributions - System Expansion

Ref 1: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix C (DSP Part 2 of 2, PDF p. 31)

Ref 3: Notice of Amendments to the Distribution System Code, Amendment to facilitate the Connection of Housing Developments and Residential Customers

Preamble:

For the 2020-2025 period, capital contributions ranged from 17% to 97% of the gross capital expenditures for the System Expansion program.

Projects ($M)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
A3 System Expansion (Gross Capex)	3.1	3.0	10.2	5.1	16.3	14.0
Capital Contributions	3.1	2.9	8.7	1.7	2.5	2.4
Net Capex	0.1	0.1	1.5	3.4	13.8	11.6
Capital Contributions as % of Gross Capex	97%	97%	85%	34%	15%	17%

Question(s):

a) Please explain the significant decline in capital contributions as a percentage of gross System Expansion capital costs in 2023, 2024, and 2025, relative to the higher contribution ratios stated for 2020 to 2022. Please identify any key drivers.

b) Appendix B to the DSC sets out the methodology and assumptions for economic evaluations, and includes provisions related to custom connection horizons and customer revenue horizons. The amendments are intended to facilitate the connection of housing developments by extending the connection horizon to a maximum of 15 years for qualifying housing developments and the revenue

horizon to 40 years for connections of the residential customers and properties described in the amendments.

i. Please state if Elexicon Energy accounted for the extended connection horizons in its forecasted capital contributions for 2027 - 2031.

ii. If so, please describe the impact.

iii. If no, please explain why not.

RESPONSE:

a) Elexicon applies the Economic Evaluation model in accordance with the Distribution System Code (DSC) to calculate customer and Elexicon capital contributions for all system expansion projects. The lower contribution ratios attributed for 2023-2025 period are attributed to higher revenues forecasted for large-load customers over the revenue horizon, resulting in smaller upfront capital contributions from the customers.

b) Elexicon has not fully accounted for the extended connection horizons in the forecasted capital contributions for 2027-2031; however, these changes will be captured with the customer demand variance account.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-47

Customer & Generation Connections
Ref 1: Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C
Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix B / p. 6 (PDF p. 76)

Preamble:

The application states:
"A range of customer types, including households, schools and large commercial businesses submitted more than 150 applications over the 2020-2024 period for DER connections and Elexicon expects interest will continue at a higher pace over the 2027-2031 period based on recent activity, on-going incentives, and improving technology. Elexicon expects an additional 236 DER connections and 25 MW capacity over the 2027 to 2031 period. Most connections are expected to be rooftop solar photovoltaic technology, with continued interest in PV, BESS, and CHP as described in more detail in Section 3.2."

Question(s):
a) Please provide a detailed breakdown of all DER applications received between 2020-2024 by:
i. Customer type (household, school, commercial, industrial, etc.)
ii. DER technology type (PV, BESS, CHP, etc.)
iii. Capacity (kW/MW)
iv. Connection stage (Preliminary Consultation, Conducting Connection impact Assessments, Reviewing installation plans, technical specifications, and CCAs, Witnessing of commissioning, coordination of ESA inspections, executing connection agreements, and ongoing coordination of telemetry, dispatch and billing).

b) What is the average connection timeline by DER type over the period 2020-2024? [SAAD]

c) Please provide the methodology used to forecast 236 new DER connections and 25 MW capacity over 2027-2031, including all assumptions.

d) Please provide the expected distribution of DER types (PV, BESS, CHP, hybrid systems) within the 236 forecast connections.

RESPONSE:

a) Please refer to the table in the attached Excel file 2-Staff-47(1) DER applications.

b) Please refer to Table 1 below for the average connection timeline in months by generation type.

Table 1: Average Connection Timeline by Generation Type

Generation Type	Average Connection Timeline (Months)
BESS	18.9
CHP	12
PV	13.2
Synchronous Gen	29
Roof top Solar	4.4

c) Historical DER data from 2008 to 2025 was analyzed to identify patterns across technologies. Technologies with sufficient historical frequency, particularly rooftop photovoltaic (PV) systems, were assessed for observable trends, while low-frequency, project-driven technologies were modeled discretely. Forecasted unit installations were estimated based on observed historical behavior and installed capacity was calculated by multiplying forecasted unit counts by the historical average connection size for each technology. Average connection sizes were derived separately for micro- and non-micro DERs, as combining the two would distort capacity assumptions.

d) Please see Table 2 below for the forecasted distribution of DERs by generation type over the 2027-2031 period.

Table 2: Forecasted Distribution of DERs by Generation Type, 2027-2031

Generation Type	2027	2028	2029	2030	2031	Total # of Units
BESS	2	1	1	2	2	8
CHP	1	0	1	0	0	2
PV	2	2	2	1	1	8
Sync Gen	0	0	0	0	0	0
Rooftop Solar	42	43	44	44	44	217
Total	**47**	**46**	**48**	**47**	**47**	**236**

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-48

DER and REG Forecast connections

Ref 1: Exhibit 2B / Tab 1 / Schedule 1 / pp. 14, 25 (Exhibit 2B Part 1, PDF pp. 15, 26)

Ref 2: Exhibit 2B / Tab 2 / Schedule 1 / p. 26 (Exhibit 2B Part 1, PDF p. 80)

Ref 3: Exhibit 2B / Tab 3 / Schedule 4 / pp. 1, 2 (Exhibit 2B Part 1, PDF pp. 855 - 856)

Question(s):

a) Please add a column to Table 13: Generation Connections and Installed Capacity (kW) in reference 1 for 2025, and revise the Total Capacity Column.

b) In reference 3, Table 1 indicates 3340 kW of current REG connections for 2026 whereas Table 2 forecasts 2892.3 kW of REG connections for 2026. Please explain the difference.

c) Table 2 provides number of forecast applications and capacity for the 2027-2031 period. For 2028, the average capacity per application is 58.43 kW presumably composed of connections <10kW and connections >10kW. Please provide a breakdown of forecast applications, specific service area and related capacity for each year in the 2027 - 2031 period that is shown in Table

RESPONSE:

a) Please see Table 1 below, which has revised Table 13 in the referenced exhibit to include 2025.

Table 1: DER Connections from 2020 to 2025 by Generation Type

Generation Type	2020	2021	2022	2023	2024	2025	Total # of Units	Total Capacity (kW)
BESS	1	4	1	1	0	0	7	20,646
CHP	0	2	0	0	0	0	2	2,095
PV	1	3	2	1	3	0	10	2,560
Sync Gen	1	0	0	0	0	0	1	800
Roof top Solar	5	9	13	57	46	48	178	2,768.21
Total	**8**	**18**	**16**	**58**	**49**	**48**	**198**	**28,869.21**

b) Table 1 in Reference 3 lists only the current application from renewable energy generators (non-micro, greater than 10 kW). Table 2 shows the capacity of renewable energy generators (REG) that Elexicon forecasts to be connected in that year. Because these tables reflect different points in the connection process, some difference between the two forecasts is expected. The variance between the 3,340 kW in Table 1 and the 2,892.3 kW in Table 2 reflects typical project attrition and timing considerations. Not all proposed projects proceed as planned due to factors such as customer cost considerations, changes in customer interest, project withdrawals, extended lead times, or system constraints identified through the connection assessment process. In addition, some REG projects are applied for in one year but do not reach in-service status until a later year. As a result, some of the capacity reflected in forecast applications for 2026 is expected to be connected beyond that year, contributing to the difference between the two tables.

c) Please see below Table 3 (Micro < 10 kW) and Table 4 (Non-Micro > 10 kW) REG connections over the 2027-2031 period with specific details on service area, total units, and total capacity provided by year. As noted in the referenced exhibit, the forecast reflects anticipated trends in both the number of applications and total capacity based on current activity, active applications, and information available regarding expected renewable development within Elexicon's service territories.

1

Table 3: Micro (< 10 kW) REG Application and Connection Forecast 2027-2031

Service Area	2027	2028	2029	2030	2031	Total Units	Total Capacity (kW)
Ajax	10	10	11	11	12	54	432
Pickering	8	8	9	9	9	43	344
Whitby	6	7	7	7	7	34	272
Belleville	5	5	5	5	5	25	200
Clarington	3	3	3	3	3	15	120
Gravenhurst	2	2	1	1	1	7	56
Port Hope	1	1	1	1	1	5	40
Other (Orono, Port Perry, Uxbridge, Sunderland)	2	2	1	1	1	7	56
Total	**37**	**38**	**38**	**38**	**39**	**190**	**1,520**

Table 4: Non-Micro (> 10 kW) REG Application and Connection Forecast 2027-2031

Service Area	2027	2028	2029	2030	2031	Total Units	Total Capacity (kW)
Ajax	3	2	2	2	3	12	6,513
Pickering	3	2	2	2	1	10	6,000
Whitby	2	2	2	2	1	9	5,000
Belleville	2	1	2	1	1	7	3,300
Clarington	1	1	1	1	1	5	1,300
Gravenhurst	0	0	1	0	0	1	300
Port Hope	0	0	0	1	0	1	300
Newcastle	0	0	0	0	1	1	1,000
Total	**11**	**8**	**10**	**9**	**8**	**46**	**23,713**

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-49

Customer and Generation Connections
Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix B (Exhibit 2B Part 2, PDF pp. 71 - 97)
Ref 2: Exhibit 3 / Tab 1 / Schedule 1 / p. 3 (PDF p. 3)

Preamble:
Elexicon Energy forecasts the total net investment within the Customer and Generations Connections program to be $41.21M over the 2027 to 2031 period. The historical 2020-2024 program cost was $30.24M. Elexicon Energy forecasts to connect approximately 18,000 new customers and 236 new generation connections (25MW capacity) over the 2027 to 2031 rate period. Residential customer growth is expected to average 1.9% annually, and commercial and industrial customer growth is projected at 0.8% annually. Historical growth was 1.4% annually. Table 3 of Ref 1 provides a customer forecast for the 2025 - 2031 period. Table 11 provides a forecast for DER connections for the 2025-2031 period. Elexicon Energy references Exhibit 3 - Tab 1 - Schedule 1 as the source of customer forecast counts. Forecast customer counts in Exhibit 3 - Tab 1 - Schedule 1 are shown in Table 4.

Question(s):
a) In reference 1;
i. Please update Table 3 with actual 2025 customer counts.
ii. Please update Table 10 with actual 2025 generation connections and total capacity.
iii. Please update Table 13 with 2025 Actual expenditures.
b) Tables 3 in reference 1 and 4 in reference 2 have differing values for forecast customer counts. For example, Table 3 shows a 2027 forecast of GS<50 customers of 12,306. Table 4 shows a 2027 forecast of GS<50 of 12,257. Please clarify the differences between the two sources of information for this customer class and all others.
c) Please provide a breakdown of customer connect costs and generation connection costs for 2020 to

2031.

RESPONSE:

a)

i. Please see Table 1 below with the revised Table 3 from the referenced exhibit to include 2025 actuals. Please note that Elexicon noted an error in the reporting of the Large User >4,999kW customer class and has provided the corrected values in Table 1 below.

Table 1: Elexicon Forecast Customer Counts

	2025 (Actual)	2026	2027	2028	2029	2030	2031
General Service < 50 kW	11,978	12,199	12,306	12,415	12,525	12,635	12,747
General Service ≥ 50 kW <=4,999 kW	1,509	1,512	1,523	1,529	1,534	1,538	1,542
Large User >4,999kW	5	6	8	9	9	9	9
Residential	166,984	172,526	175,995	179,328	182,817	186,443	190,100
Total	**180,476**	**186,243**	**189,832**	**193,281**	**196,885**	**200,625**	**204,398**
Annual Change %	0.82%	3.20%	1.93%	1.82%	1.86%	1.90%	1.88%

ii. Please see Table 2 below, which has revised Table 10 in the referenced exhibit with actual 2025 generation connections and total capacity.

Table 2: DER Connections from 2020 to 2025 by Generation Type

Generation Type	2020	2021	2022	2023	2024	2025	Total # of Units	Total Capacity (kW)
BESS	1	4	1	1	0	0	7	20,646
CHP	0	2	0	0	0	0	2	2,095
PV	1	3	2	1	3	0	10	2,560
Sync Gen	1	0	0	0	0	0	1	800
Roof Top Solar	5	9	13	57	46	48	178	2,768
Total	**8**	**18**	**16**	**59**	**49**	**48**	**198**	**28,869**

iii. Table 3 below has revised Table 13 in the referenced exhibit (Exhibit 2B - Tab 4 - Schedule 3 - Appendix B) with 2025 actual expenditures.

Table 3: Historical Actual Expenditures - 2025 added

	Historical Year ($M) (Actuals)							
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**	**Average**
Gross	11.18	17.10	16.11	16.52	10.90	28.90	100.71	16.79
Contributions	7.42	10.12	6.97	9.75	7.31	16.33	57.90	9.65
Net	3.76	6.98	9.14	6.78	3.58	12.57	42.81	7.14

b) The customer count shown in Table 4 of Exhibit 3 - Tab 1 - Schedule 1 represents the average number of customers by class over the year, whereas the customer count shown in Table 3 of Exhibit 2B - Tab 4 - Schedule 3 - Appendix B represents the number of customers by class at year-end. The two sources of information are the same.

c) The expenditures identified within Exhibit 2B - Tab 4 - Schedule 3 - Appendix B, Tables 12 and 13, do not contain any net costs pertaining to generation connections and both tables reflect the customer connection (i.e. load) component.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-50

Municipal Station Capacity

Ref 1: Exhibit 2B / Tab 1 / Schedule 1 / p. 42 (Exhibit 2B Part 1, PDF p. 43)
Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / pp. 4, 8, 11, 14, 21, 27, 48 (Exhibit 2B Part 1, PDF pp. 553, 557, 560, 563, 570, 576, 597)
Ref 3: Exhibit 2B / Tab 4 / Schedule 1 / p. 32 (Exhibit 2B Part 2, PDF p. 33)
Ref 4: Exhibit 2B / Tab 4 / Schedule 3 / Appendix I / pp. 1-49 (Exhibit 2B Part 2, Appendix I, PDF pp. 364-412)

Preamble:
Elexicon Energy states that acquisition of a mobile station will be used to support planned construction outages. This mobile station would provide temporary capacity in locations where there are capacity constraints and would be used to support planned construction outages. The Mobile station is expected to contain a 25MVA transformer with primary voltage at 44kV and dual secondary voltages of 13.8kV and 4.16kV.

Question(s):
a) Has Hydro One or other LDCs in Ontario been approached to see if they could provide a mobile MS in a planned or emergency basis for Elexicon Energy to utilize? Please provide summary of analysis done for options other than purchasing the mobile station.
b) Which geographic areas would not be able to utilize the mobile station due to voltage (input or output) differences?
c) What percentage of customers and load would be supported by the proposed mobile station?
d) Does the acquisition of the mobile station also mitigate the concern of loss of backup MS supply?
e) How many stations have infrastructure to connect the mobile MS and does Elexicon Energy consider the mobile MS in N-1 contingency scenarios? If not, why not?

RESPONSE:

a) Hydro One was approached regarding the potential availability of a mobile station for Elexicon's use. Hydro One advised that its mobile station units are generally not made available for external use and would only be considered in limited emergency situations, subject to availability and technical suitability. Hydro One also confirmed that its mobile station units are not available to support planned construction outages. Given the limited availability of mobile stations for planned use within Ontario, Elexicon determined that reliance on third-party mobile station units would not provide a reliable solution to support its capital construction program. Please refer to Exhibit 2B - Tab 4 - Schedule 3 - Appendix I - page 49 for the option analysis for purchasing the mobile station.

b) The mobile station configuration selected by Elexicon, a 44 kV primary with dual secondary voltages at 13.8 kV and 4.16 kV, is compatible with the majority of Elexicon's municipal substations, which operate at these voltage levels. The mobile station can be utilized at 54 of Elexicon's 62 municipal substations. The eight locations that are not compatible include four municipal substations with incompatible voltage configurations, three dedicated customer substations, and Pineridge Regulator Substation:

- Sunderland MS (8.32 kV): Located on the east side of the municipality of Sunderland. (Refer to Exhibit 2B - Tab 3 - Schedule 2 - page 18).
- James D. Collins MS (27.6 kV): Located on the northwest corner of the municipality of Port Hope. (Refer to Exhibit 2B - Tab 3 - Schedule 2 - page 25).
- Shuter MS (27.6 kV): Located on the south side of the municipality of Port Hope. (Refer to Exhibit 2B - Tab 3 - Schedule 2 - page 25).
- James MS (12.47 kV): Located in the Gravenhurst area. (Refer to Exhibit 2B - Tab 3 - Schedule 2 - page 28).
- Customer Substations: Three dedicated customer-owned substations located in Whitby.

- Pineridge Regulator Substation is used specifically to regulate the 44 kV voltage levels in Gravenhurst.

c) The percentage of customers and load supported by the proposed mobile station is not a static value and will vary depending on the specific station at which it is deployed. As the mobile station is capable of supporting the vast majority of Elexicon's municipal substations, it provides flexible temporary capacity across a large portion of the service territory, however, its contribution at any given time is location-specific and dependent on station loading levels and customer density.

d) Yes, the acquisition of the mobile station helps mitigate the risk associated with loss of backup municipal substation supply but does not eliminate it. During planned outages where the system operates under constrained N-1 conditions, the mobile station can be deployed to provide temporary capacity, reducing loading on adjacent stations and lowering the risk of customer outages. The primary committed role of the mobile station is to provide temporary supply during planned outages associated with substation rebuilds and major maintenance activities. The mobile station is not intended to fully replace backup supply, but rather to reduce contingency risk and support system reliability during planned outages.

e) All Elexicon municipal substations with compatible voltage levels with the mobile station have the infrastructure to connect to the unit. Detailed connection designs have not been completed at all stations, and minor infrastructure adjustments may be needed at certain locations to facilitate the mobile station connection.

Elexicon does not consider the mobile station as part of its N-1 contingency planning. The mobile station is intended to provide temporary capacity at stations undergoing planned work, thereby reducing the loading impacts on adjacent stations during those outages.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-51

Customer & Generation Connections

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix B / p. 12 (PDF p. 82)

Preamble:

The application states:

"In 2024 alone, five transformers over 5 MVA were connected, compared to none in the years prior to 2023. This trend reflects a growing prevalence of large user applications and signals a shift in the nature of customer demand toward more energy-intensive operations."

and

"Developers submit requests to Elexicon for load connections, seeking estimates for the proposed connected loads. It is essential to note that these requests are preliminary and do not constitute a commitment to proceed with development; rather they are intended to assist the developer in validating a business case for potential investments in the service area."

Question(s):

a) Please provide a detailed explanation for the significant increase in transformers exceeding 5 MVA installed in 2024, including the specific customer types, sectors, and projects that required these installations.

b) Please provide the forecast for installations of transformers >5 MVA for 2027-2031 and the assumptions underlying this forecast.

c) For each load connection application greater than 5W received between 2020-2025, please fill out the following table:

#	Year Load Requested	Load Amount Requested (MW)	Date of Connection (if connected)	Offer to Connect Signed? (Y/N as of today)	Customer Sector	Current Status (if not connected) & Reason (pending/cancelled/deferred)	Current Application Stage (processing / load studies / CCA / OTC / construction / commissioning / energizing)
1							

d) Please indicate if any of the load connection applications from the answer that have yet to be connected are contingent on external factors (permits, financing). If yes, please specify which application in the table.

e) Please indicate if any of the load connection applications from the answer to are for artificial intelligence data centres. If yes, please specify which application in the table.

RESPONSE:

a) The significant increase in transformers exceeding 5MVA installed in 2024 are driven by significant acceleration in development activity and electrical demand by the new and existing large industrial and commercial developments across the Elexicon service territory. Please refer to Exhibit 2B - Tab 4 - Schedule 3 - Appendix B - pages 10 – 19 for projected and historical economic and customer load growth within the Elexicon service territory. Additional details on the 5 MVA transformer installations in 2024 are provided in Table 1 below.

Table 1: Significant Increase in Transformers Exceeding 5 MVA Installed in 2024

Customer	Customer Type	Sector	Transformer Size
Customer A-Building 1	Commercial	Warehouse/Distribution Centre	5 MVA
Customer A-Building 2	Commercial	Warehouse/Distribution Centre	5 MVA
Customer A-Building 3	Commercial	Warehouse/Distribution Centre	5 MVA
Customer B-Building 1	Industrial	Manufacturer	12 MVA
Customer B-Building 2	Industrial	Manufacturer	12 MVA

b) Please refer to Table 2 below for forecast customer transformer connections greater than 5 MVA for the 2027–2031 period. Note that these forecasts are based on connection applications and inquires received from customers requiring cumulative capacity of > 5 MW. The number and size of transformer connections > 5 MVA are highly dependent on customer preferences and project-specific requirements, as Elexicon does not provide utility-owned transformation larger than 3 MVA as per Elexicon's Conditions of Service (CoS).

Table 2: Forecast Customer Transformer Connections Greater than 5 MVA (2027–2031)

Transformer Size	2027	2028	2029	2030	2031
Transformer >5MVA	3	5	1	-	2

c) Please refer to Table 3 below for each load connection application > 5 MW received between 2020-2025.

Table 3: Load Connection Applications Greater Than 5 MW (2020-2025)

S.No	Year Load Requested	Load Amount Requested (MW)	Date of Connection (if connected)	Offer to Connect Signed? (Y/N as of today)	Customer Sector	Current Status (if not connected) & Reason (pending/cancelled/deferred)	Current Application Stage (processing / load studies / CCA / OTC / construction / commissioning /energizing)
1	2025	50	-	No	Data Centre	Cancelled by the customer	Cancelled
2	2024	40	-	No	Data Centre	Pending customer decision/deliverables	Memorandum of Understanding Signed/ Deposit paid.
3	2025	30	-	No	Data Centre	Pending customer decision/deliverables	Load Impact Assessment (LIA) Study
4	2025	30	-	No	High Rise Residential	Pending customer decision/deliverables	Pre-Consultation
5	2025	25	-	No	Industrial	Pending customer decision/deliverables	Pre-Consultation
6	2024	16	-	No	Commercial	Pending customer decision/deliverables	Processing
#	**Year Load Requested**	**Load Amount Requested (MW)**	**Date of Connection (if connected)**	**Offer to Connect Signed? (Y/N as of today)**	**Customer Sector**	**Current Status (if not connected) & Reason (pending/cancelled/deferred)**	**Current Application Stage (processing / load studies / CCA / OTC / construction / commissioning /energizing)**
7	2025	14	-	No	Industrial	Pending customer decision/deliverables	LIA Study Completed
8	2023	11	2024	Yes	Commercial	Connected	Energized
9	2024	8.5	2024	Yes	Industrial	Connected	Energized
10	2024	6.5	2025	Yes	Industrial	Connected	Energized
11	2024	6	-	No	Private Consumer	Cancelled by the customer	Cancelled
12	2024	5.5	-	No	High Rise Residential	Pending customer decision/deliverables	LIA Study Completed
13	2025	5.5	-	No	High Rise Residential	Pending customer decision/deliverables	LIA Study Completed

d) All customers identified in c), which have not yet been connected, are contingent upon customer decisions/deliverables to proceed to the next step. While Elexicon continues to engage these

customers on their applications, Elexicon is unable to comment on the customer-driven "external factors" associated with each application.

e) Yes, connection applications from data centres have been received. Please refer to the customer details outlined in the table provided in c), projects 1 – 3.

SRESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-52

System Expansion

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix C / Table 1 / p. 3 (PDF p. 100)

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix C / Table 7 / p. 31 (PDF p. 128)

Preamble:

The application includes a table that summarizes system expansion projects that are in progress.

The application states:

"The inquiries outlined above highlight a diverse range of developments, from residential projects to commercial establishments. The cumulative proposed load indicates a strong demand for electrical services, reflecting the growth potential within Elexicon's service area. As these developers move forward with their plans, Elexicon anticipates an increase in Offer to Connect (OTCs) being issued, which will further necessitate infrastructure enhancements and capacity planning."

Question(s):

a) Please fill out the following table.

District	Est. Connection Year	Load (MW)	Total Cost Estimate	Estimated Capital Contributions	Net Capital Expenditures	Current stage of project development (e.g., conceptual planning, design, early execution, procurement, construction)	Offer to Connect signed (Y/N)
Ajax	2029	14.8	$15.50M				
Bowmanville	2030	4	$2.80M				
Pickering	2027	25	$12.00M				
Pickering	2028	40	$49.83M				
Pickering	2027	16	$8.00M				
Pickering	2028	20	TBD				
Uxbridge	2027	0.9	$0.63M				
Uxbridge	2027	4.9	$8.00M				
Whitby	2031	30-50	$35.00M				
Whitby	2031	35	TBD				

a) Please describe the methodology used to assess whether customer-initiated capacity expansion requests will materialize, including how Elexicon Energy distinguishes between firm commitments and speculative requests.

b) For the projects listed in part a):

i. Please explain how each estimated connection year was determined, including key milestones, third-party dependencies, and schedule risk allowances.

ii. Please provide the cost estimate class and contingency assumptions for each project.

iii. Please identify any projects that have high dependence future assets (e.g. GTA East TS).

c) Please describe how probability of conversion, timing uncertainty, and customer commitment (e.g., signed OTCs) are factored into capital planning and prioritization.

d) Please provide any historical analysis or metrics used to estimate realization rates for large-load inquiries and how these inform investment decisions.

e) Please identify whether scenario planning or sensitivity analysis is performed (e.g., high/low demand cases) and provide examples of how these scenarios influence project timing or scope.

f) Please provide annual and cumulative MW expected to energize in 2027-2031 and presenting sensitivity buffers where applicable.

g) For each System Expansion project at Reference 1 that involves one or more major highway crossings (Pickering 25MW, Pickering 25MW, Whitby 30-50MW), please provide the following:
i. Unit cost (e.g., $/km of line, $/km of crossing, or $/structure) used in the cost estimate for the segments that involve highway crossings.
ii. Unit cost for comparable non-highway-crossing line segments within the same project (or, if unavailable, within similar Elexicon Energy projects of the same voltage class).
iii. For any unit cost variances, please provide a breakdown of the specific cost drivers for the cost variation between highway-crossing and non-crossing segments (e.g., MTO permitting, specialized engineering, construction method constraints, traffic control requirements, easements/ROW, geotechnical considerations).
iv. Was alternative routing considered to avoid highway crossing?
v. What is the typical timeline for permitting for highway crossings?
h) Please update Table 7 with 2025 actual expenditures.

RESPONSE:

a) Please refer to Table 1 below with the requested information.

Table 1: Summary of In-Progress System Expansion Projects

Customer	District	Est. Connection Year	Load (MW)	Total Cost Estimate	Estimated Capital Contributions	Net Capital Expenditures	Current stage of project development	OTC signed (Y/N)
1	Ajax	2029	14.8	$15.50M	$7.45M	$8.05M	Conceptual Planning	N
2	Bowmanville	2030	4	$2.80M	$0.24M	$2.55M	Conceptual Planning	N
3	Pickering	2027	25	$12.00M	$0	$12.00M	Awaiting Customer response/deliverables	N
4	Pickering	2028	40	$49.80M	$26.32M	$23.48M	Conceptual Planning	N
5	Pickering	2027	16	$8.00M	$0	$8.00M	Awaiting Customer response/deliverables	N
6	Pickering	2028	20	TBD	TBD	TBD	Deferred	N
7	Uxbridge	2027	0.9	$0.63M	$0.13M	$0.50M	Awaiting Customer response/deliverables	N
8	Uxbridge	2027	4.9	$1.09M	$0	$1.09M	Design	N
9	Whitby	2031	30-50	$35.00M	$13.50M	$21.50M	Conceptual Planning	N
10	Whitby	2031	35	TBD	TBD	TBD	Conceptual Planning	N

Elexicon assesses each request on a case-by-case basis. Requests supported by a complete connection application package, including Offer to Connect (OTCs), and financial security, are classified as firm or committed. These requests are treated as "system access" investments and are incorporated directly into capital plans, as the utility has an obligation to serve them. Requests that do not yet have firm commitments but are supported by credible planning signals such as active development applications or consistent historical growth trends are reflected in forecast-driven demand growth and used to inform future capital planning. Requests with limited supporting evidence, uncertain timelines, or no external validation are considered speculative and are generally excluded from near-term capital plans. Additionally, once an application is submitted, Elexicon engages with the customer to better asses their timelines, load requirements and the likelihood of the request materializing to a connection.

b)

i. The estimated connection year was determined based on the requested energization dates, construction and design schedules, permitting requirements, procurement timelines for long-lead materials, and any dependencies on other related projects. In addition, contingency buffers are incorporated into project timelines to account for potential delays arising from unforeseen circumstances or factors outside of Elexicon's control.

ii. Elexicon has not formally adopted a formal classification system for estimate classes. For system expansion projects, Elexicon applies a cost-estimate accuracy range of approximately −30% to +50%, depending on the timing and scope of the work. Major expansion projects and projects involving additional complexities such as highway crossings are assigned higher contingency allowances. In addition, projects that are in the preliminary stages of planning and scheduled further out in the forecast period are also subject to higher contingency margins. Please refer to Table 2 below for the contingency assumptions applied to each project.

Table 2: Contingency assumptions by Project

Customer	District	Est. Connection Year	Contingency Assumptions
1	Ajax	2029	25%
2	Bowmanville	2030	40%
3	Pickering	2027	31%
4	Pickering	2028	21%
5	Pickering	2027	34%
6	Pickering	2028	NA
7	Uxbridge	2027	14%
8	Uxbridge	2027	25%
9	Whitby	2031	49%
10	Whitby	2031	NA

iii. Refer to Table 3 below for projects with dependencies on future assets.

Table 3: **Project with Dependencies to future Assets**

District	Est. Connection Year	iii) High dependence on future assets and what assets are they?
Ajax	2029	N/A
Bowmanville	2030	N/A
Pickering	2027	N/A
Pickering	2028	N/A
Pickering	2027	N/A
Pickering	2028	N/A
Uxbridge	2027	N/A
Uxbridge	2027	N/A
Whitby	2031	GTA East TS
Whitby	2031	GTA East TS

c) Please refer to response to part a.

d) Elexicon does not have a metric established to track the realization rate of large load enquiries. However, Elexicon analyzes its historical data for numbers of customers connected by rate class and leverages its historical connections rates to make informed decisions for its future capital plans. In addition, connection inquiries associated with a high level of commitment through executed binding agreements or confirmed financial commitments are also considered a key indicator in forecasting the likelihood of connection realization for future capital investment plans.

e) Elexicon does scenario planning and sensitivity analysis on a system level based on Macro economic growth factors, including in respect of customer growth, but not for individual customers. Please refer to Exhibit 2b - Tab 3 - Schedule 1, pages 17-27 for more details on scenario planning and sensitivity analysis.

For system expansion investment planning, Elexicon prudently assesses each connection application to ensure that customer load forecasts are reasonable. This assessment is informed by comparisons with historical actual loading data for similar customers within the same service area, using established methods to estimate expected demand for new customers, with the exception of data centres, which are evaluated using customer-specific load characteristics and

requirements. Where forecasted demand is determined to be understated or overstated, Elexicon advises the customer and, subject to customer agreement, adjusts the scope of work accordingly. Additionally, financial and contractual safeguards, embedded in the Offer to Connect, discourage customers from overstating their load demand. When a large-load customer requires system expansion, Elexicon applies the Distribution System Code Economic Evaluation model to determine customer capital contributions. Elexicon's portion of the investment is secured through financial security (e.g., a letter of credit or surety bond), which is trued up annually based on actual load realization. If forecasted load does not materialize by the end of the connection horizon, Elexicon can draw on the security and reallocate unused capacity.

f) Please refer to response to part e) above for more details on sensitivity analysis.

For the system expansion projects listed in Table 1, please see Table 4 below, for cumulative MW's forecasted and planned to be energized as part of system expansion investments based on known projects. Note that several of these projects include multiple phases of development, with some of the phases scheduled to be energized beyond the 2027–2031 forecast period.

Table 4: Cumulative MWs anticipated annually for known system expansion investments

Year	MW
2027	46.8
2028	26.2
2029	7.4
2030	19.0
2031	34.0
Total	**133.3**

g) Please refer to Table 5 below for responses to parts (i) and (ii), which provide a cost comparison between highway and non-highway crossings for the requested projects. It should be noted that highway crossings are typically limited to several hundred metres in length and may be constructed as either overhead or underground installations. In addition, some projects involve multiple highway crossings.

Table 5: Comparison of Highway and Non-highway crossings $/m costs

Project	i) $/m (highway crossing)*	ii) $/m (non-highway crossing) *	Variance (%)
Pickering (25 MW) (Underground)	$21,294	$2,990	86%
Pickering (40 MW) (Underground)	$25,380	$3,105	88%
Whitby (30 – 50 MW) (Overhead)	$11,250	$1,125	90%

*Cost per meter is for 2 circuit installations.

iii. Please refer to Table 5 above for the cost variances between highway and non-highway crossings for each of the projects listed. The observed cost variances are primarily attributable to additional requirements associated with highway crossings, including detailed geotechnical investigations; specialized engineering and structural analyses; easement acquisition; stringent traffic control measures; Ministry of Transportation of Ontario (MTO) and railway permitting requirements; limited availability of qualified contractors; and continuous LiDAR monitoring during construction to ensure ground movement remains within allowable thresholds set by MTO and Metrolinx.

iv. Elexicon considered alternative viable solutions for the projects referenced above, including alternate routing and voltage conversion options, prior to selecting a route involving highway crossing. Where applicable, Elexicon considers other low-cost alternatives prior to proceeding with a highway crossing. However, the Ajax, Pickering, and Whitby service territories present unique constraints, as Highway 401, Highway 412, and Highway 407 traverse these areas and intersect with major arterial roads, making highway crossings unavoidable in certain cases.

v. The typical timeline for permitting for highway crossings are 6-9 months.

h) Table 6 presents a revised version of Table 7 in the referenced exhibit (Exhibit 2B - Tab 4 - Schedule 3 - Appendix C) with the 2025 actual expenditures.

Table 6: System Expansion Expenditures (2020-2031) - with 2025 actuals

	Actuals					Bridge		Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025 (actuals)**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Gross ($M)	3.14	3.01	10.16	5.06	16.32	12.74	24.90	73.56	37.24	27.00	32.27	36.37
Contributions ($M)	3.06	2.92	8.67	1.70	2.51	1.41	12.31	54.26	27.47	19.92	23.77	26.83
Net ($M)	0.09	0.09	1.49	3.37	13.81	11.33	12.59	19.30	9.77	7.08	8.45	9.54

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-53

Metering and AMI 2.0

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix D (Exhibit 2B Part 2, PDF pp. 133 - 162)

Preamble:

Elexicon Energy expects to replace failed meters and install new meters for customer connections at a five-year cost of $9.85M. The historical 2020-2024 program cost was $7.11M. Elexicon Energy has forecast an increase of 18,000 new metered customers (3,600 yearly average) for the 2027-2031 period. Elexicon Energy is predicting that on average 1,400 meters will failure each year compared to an average of 1,000 meters failing historically since 2021.

Elexicon Energy is proposing to deploy AMI 2.0 over a period of 8 years starting in 2028. Elexicon Energy plans to spend $21.39M across the 2027-2031 period for the AMI 2.0 rollout.

Question(s):

a) Please update Table 5 with actual 2025 Metered Customers.

b) Please update Tables 6 and 7 with actual 2025 expenditure.

c) What is the annual forecast cost of installing 3600 new meters each year of the 2027-2031 period?

d) What is the annual forecast cost of replacing 1400 meters in each year of the 2027-2031 period?

RESPONSE:

a) Please see the updated Table 5 with actual 2025 Metered Customers.

Table 1: Historical and Forecast Metered Customers – with 2025 Actuals (Table 5)

	Historical					Bridge		Forecast				
Year	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**	**2028F**	**2029F**	**2030F**	**2031F**
Total Metered Customers	169,489	171,564	174,153	176,725	179,017	181,998	186,243	189,833	193,280	196,883	200,624	204,398
YoY % Change	1.10%	1.20%	1.50%	1.50%	1.30%	1.67%	2.33%	1.90%	1.80%	1.90%	1.90%	1.90%

b) Table 6 and Table 7 are updated with actual 2025 expenditures.

Table 2: Summary of Expenditures – with 2025 Actuals (Table 6)

	Historical ($M)					Bridge ($M)		Forecast ($M)				
Year	2020A	2021A	2022A	2023A	2024A	2025A	2026F	2027F	2028F	2029F	2030F	2031F
Capital	1.24	1.11	0.85	1.74	2.17	2.22	1.61	1.93	2.41	8.87	9.07	8.96
Contributions	0	0	0	0	0	0	0	0	0	0	0	0
Capital (Net)	1.24	1.11	0.85	1.74	2.17	2.22	1.61	1.93	2.41	8.87	9.07	8.96

Table 3: Metering Historical & Future Expenditures – with 2025 Actuals (Table 7)

	Historical ($M)					Bridge ($M)		Forecast ($M)				
Year	2020A	2021A	2022A	2023A	2024A	2025A	2026	2027	2028	2029	2030	2031
Capital	1.24	1.11	0.85	1.74	2.17	2.22	1.61	1.93	1.94	1.97	2.02	1.99
Contributions	0	0	0	0	0	0	0	0	0	0	0	0
Capital (Net)	1.24	1.11	0.85	1.74	2.17	2.22	1.61	1.93	1.94	1.97	2.02	1.99

c) The average annual cost of installing 3,600 meters is $997,200. This cost excludes inflation and OH (overhead) allocation.

d) The average cost of replacing 1,400 failed meters is $227,400 . The cost excludes any labour costs (which are accounted for under O&MA), as well as inflation and OH (overhead) allocation.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-54

Substation Renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E / p. 38 (PDF p. 200)

Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / Asset Condition Assessment

Preamble:

At reference 1, the application states that:

"[t]his level of investment is also expected to slow down increases to the proportion of old assets in the system and will result in a mere 4% increase in the percentage of assets that have exceeded their TUL or will exceed their TUL in the next 5 years."

Question(s):

a) Please explain the methodology used to determine the change in asset demographics over the forecast period.

b) Please explain why a 2% reduction in the proportion of station assets in poor or very poor condition (from 14% to 12%) is reasonable for the 2027-2031 period.

c) Please describe how Elexicon Energy assessed whether the incremental reductions in poor/very-poor condition assets achieved when moving from Low→Balanced and Balanced→Needs-Based were "worth" the additional capital required. In your response, explain the basis on which Elexicon Energy evaluated the value or justification for each incremental percentage-point improvement in asset condition.

RESPONSE:

a) Please refer to the response in 2B-SEC-38, part c).

b) Elexicon strives to balance system needs with customer affordability when developing its capital investment plans. Within this context, the projected 2% reduction in the proportion of station assets classified as Poor or Very Poor under the Balanced (Recommended) Investment option is reasonable and appropriate given current system conditions.

In developing the Balanced Investment option, Elexicon assessed the Needs-Based plan and evaluated the level of expenditure required relative to the risks addressed. While the Balanced option does not address every identified risk, Elexicon determined that it addresses the most significant risks over the 2027 to 2031 period, prioritizing stations with the highest overall failure, reliability, safety, and environmental risk profiles. To arrive at this option, Elexicon reviewed all projects included in the Needs-Based plan and assessed their relative risk levels and priority scores. Projects associated with the lowest and most acceptable overall risk during the rate period were selected for deferral.

While the Low Investment option also delivers a reduction in Poor or Very Poor condition assets, the Balanced option provides a materially greater reduction in risk, more effectively slows the growth of aging assets, and delivers improved reliability outcomes without the materially higher expenditures associated with the Needs-Based option. This balanced approach aligns with the results of Elexicon's customer engagement process, which supported a spending plan that appropriately considers reliability performance improvements alongside affordability considerations. Please refer to Table 11: Option Analysis Summary in Exhibit 2B - Tab 4 - Schedule 3 - Appendix E - p. 41-43.

c) Please refer to the response in part b.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-55

Substation Renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E, p. 38 (PDF p.200)

Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E, p. 33 (PDF p. 195)

Ref 3: Exhibit 2B / Tab 3 / Schedule 2 / Asset Condition Assessment

At reference 1, the application states that:

"Elexicon's AM Planning Process (Exhibit 2B - Tab 3 - Schedule 1) describes Elexicon's broader approach to developing capital and maintenance investment plans, including investment pacing and prioritization functions. Elexicon leverages this process to both identify and prioritize [Municipal Stations] MSs as part of discrete capital investment projects. Pacing and prioritization of projects in the program is based on an analysis of the risk that will be mitigated and benefits that will be achieved from renewal for each MS in the system. The analysis produced a priority score for each MS. Investment timing was based primarily on the MS's priority score. The analysis utilized eight weighted variables."

"Elexicon evaluated three investment options for the Substation Renewal Program, each offering different levels of cost and benefit: Needs-Based, Balanced, and Low. As part of this evaluation, both the accumulative current and forecasted asset condition and age of substation assets were carefully considered to ensure that investment decisions reflect asset condition, risk, and lifecycle performance."

The evidence lists the eight variables used in the analysis: Station Health Index, Safety, Environmental Impact, Electrical Service Continuity, Healthy & Productive Workforce, Operational Efficiency, Customer Convenience and Confidence, and Regulatory Compliance.

At reference 2, the application states that:

"Pacing and prioritization of projects in the program is based on an analysis of the risk that will be mitigated and benefits that will be achieved from renewal for each MS in the system. The analysis produced a priority score for each MS. Investment timing was based primarily on the MS's priority score."

Question(s):

a) Please provide the weighting factors applied to each of the eight variables used in the Substation Renewal prioritization. In your response, please include:

i. The specific numerical weight or percentage assigned to each variable.

ii. A description of how the weighting factors were determined.

b) Please provide the priority scores for all Municipal Stations evaluated as part of the Substation Renewal Program. In your response, please provide:

i. The total priority score for each MS evaluated under the Substation Renewal prioritization process ranked from highest to lowest priority scores.

ii. The score breakdown showing how each of the eight weighted variables contributed to the total score for each MS.

iii. Please identify which MSs were included in the:

- Balanced investment plan
- Needs-Based plan only
- Low investment plan only

c) For each MS included in the Balanced plan but deferred in the Low scenario, please provide a narrative explanation of how the station's priority score reflects the asset condition deterioration, failure risk indicators, and reliability consequences described earlier in the evidence.

d) Please explain how the priority scores were used to determine the specific year (2027, 2028, 2029, 2030, or 2031) in which each MS renewal project is scheduled.

e) For any MS where the scheduled renewal year does not align with its priority score ranking, please provide the rationale for the sequencing and how these decisions are consistent with Elexicon Energy's Asset Management Planning Process.

f) Please explain how Elexicon Energy determines whether a substation proceeds as a full rebuild versus

a partial rebuild or targeted asset replacement for Shuter MS and Bigelow MS.

RESPONSE:

a)

i. Table 1 below details the eight variables used in the Substation Renewal prioritization.

Table 1: Substation Prioritization Variables

Priority Score Variables	Weight
Station Health Index	30%
Safety	30%
Environmental Impact	10%
Electrical Service Continuity	10%
Healthy and Productive Workforce	5%
Operational Efficiency	5%
Customer Convenience and Confidence	5%
Regulatory Compliance	5%

ii. The weighting factors used in the Substation Renewal prioritization were developed by building on the framework established in Elexicon's 2021 Distribution System Plan and then refined through the application of professional judgement by Elexicon's subject-matter experts. The 2021 DSP framework provided a consistent starting structure for evaluating asset-related risks; however, the final weightings reflect the specific operating environment and risks associated with municipal substations (MSs).

Elexicon's substation planning, operations, protection and control, and engineering subject-matter experts reviewed the prioritization variables and collectively assessed the relative importance of each factor based on experience with substation failures, observed condition trends, consequence severity, safety exposure, and system reliability impacts.

b) Elexicon noted that the number of MS projects completed under the Needs-Based and Low investment plans was reported incorrectly in Table 11 of Exhibit 2B - Tab 4 - Schedule 3 - Appendix E. Please refer to the attached Excel file 2-Staff-55(1)_MS Priority Scores for the correct number

of projects (Needs-based = 15 projects completed, 1 initiated; Balanced = 12 projects completed, 3 initiated; Low = 8 projects completed, 3 initiated).

c) Elexicon utilized its prioritization framework to identify projects for deferral from the Balanced to the Low Investment scenario by selecting those with the lowest relative risk profiles or those where specific mitigation strategies could be leveraged during the 2027-2031 rate period. The following four substation projects were deferred with no expenditures within the low investment scenario during the 2027-2031 rate period:

- Herchimer MS was deferred from 2030 to after the 2027-2031 rate period. Herchimer MS's priority score reflects operational and environmental risk associated with legacy infrastructure remaining in service following the planned voltage conversion, rather than an elevated likelihood of near-term supply failure. The station's asset condition does not indicate imminent deterioration impacting customer reliability; however, prolonged retention of de-energized assets introduces inefficiencies and environmental exposure.
- Cascade MS was deferred from 2030 to after the 2027-2031 rate period. Cascade MS's priority score is driven by aging primary equipment and emerging condition indicators, which signal an increased probability of asset deterioration over time. The station's risk profile reflects growing exposure if renewal is deferred, particularly with regards to the power transformer and cables.
- Westney Heights MS was deferred from 2031 to after the 2027-2031 rate period. Westney Height MS's priority score reflects the presence of localized asset condition issues, including cables and switchgear in poor to very poor condition, which increase failure likelihood. When combined with other risk variables, this station's risk profile supports renewal under the Balanced investment plan, while deferral was considered in the Low investment plan.
- Uxbridge West MS was deferred from 2031 to after the 2027-2031 rate period. Uxbridge West MS has a relatively high priority score and plays a key role in providing regional contingency support. Aging assets increase failure risk, and loss of this station without adequate backup would have material impacts. Inclusion in the Balanced investment plan reflects this elevated risk profile. Deferral under the Low investment plan is contingency on the planned in-service

of Uxbridge North MS, which materially improves redundancy and reduces near-term reliability exposure.

d) Priority scores act as a guide for determining project timing. When reasonable to do so, stations with the highest priority scores are addressed first. However, the specific year of execution must also account for regional constraints and the necessity of maintaining system reliability during construction. The following examples highlight how priority scores were used to determine project timing and the factors that may necessitate the staggering of high-priority projects:

- Edgehill MS, Uxbridge East MS, and Fairport MS have the three highest priority scores in the Substation Renewal program. Reflecting their high risk-profile, these three projects are all scheduled to be completed at the start of the rate period, with planned in-service dates in 2028 and 2029.
- Although Uxbridge West MS has the fourth-highest priority score, execution will not begin until the end of the rate period in 2031, with energization scheduled for 2033. This scheduling is required because there will be two other major projects being executed in the Uxbridge region during the rate period: the renewal of Uxbridge East MS and the construction of the new Uxbridge North MS. Outage sequencing and the requirement to maintain system reliability and mutual contingency in the region necessitated delaying the Uxbridge West project until these two projects are completed.

e) While the timing of investment is based primarily on the MS's priority score, the scheduling and pacing of the Substation Renewal program is influenced by several external and internal constraints. This approach is consistent with Elexicon's Asset Management Planning Process, which balances risk-based prioritization with operational feasibility. Key operational constraints include:

- System constraints: Substations Renewal projects require planned outages to safely remove assets and install new standardized equipment. Once the station is out of service, all the load typically supplied by that station must be transferred to adjacent stations. To ensure there is

sufficient capacity available in the distribution system to supply customers, only a certain number of planned outages can be performed at any given time within the system.

- Execution constraints: Certain Substation Renewal investments, especially in regions with constrained capacity, can only be performed at certain times of the year under optimal weather conditions and temperatures. Regions where a planned outage during the peak load season would compromise the system's contingency are planned to be completed in the off-peak load season.

In addition to these constraints, specific project-level drivers may necessitate the advancement or deferral of certain renewals:

- Bigelow MS: Although this station's priority score is lower than other stations, a partial rebuild focusing on feeder replacement is proceeding ahead of other projects. This is driven by the localized "Very Poor" condition of the feeder cables, which presents a near-term reliability risk.
- Shuter MS: The primary driver for this station's priority score is the absence of a dedicated control building. Because this project is focused on the construction of a standardized building rather than a complex full station rebuild, it can be executed efficiently to address a significant operational deficiency.
- Cavan South MS: This project involves station decommissioning. The timing is based on the completion of the voltage conversion projects in the surrounding service area, after which the station will be out of service.
- Uxbridge West MS: This station maintains a high priority score; however, its execution is sequenced after Uxbridge East MS. These two stations provide mutual back-up for each other; therefore, they cannot be rebuilt concurrently without compromising regional reliability.

f) Full substation rebuilds are proposed where the majority of station assets are at or near end-of-life, are in poor or very poor condition, where equipment obsolescence limits maintainability, or where the configuration of the station creates safety or operational constraints that cannot be addressed through incremental or piecemeal replacement.

Fairport MS in Pickering is a representative example of these conditions, as described in Exhibit 2B - Tab 3 - Schedule 3 - Appendix E - Section 6.1.3. The substation's two transformers are 51 years old and will be 54 by 2028 when they are scheduled to be replaced, past the end of their TUL; a subset of the primary cables are in poor condition; and the transformer switches are in poor condition. Beyond asset condition and age, the existing substation location within Hydro One's Cherrywood Transformer Station (TS) presents significant operational, safety, and access challenges. Substation cables are laid directly on the ground with makeshift wooden barriers, and restoring the cables underground would require disruption to Cherrywood TS's ground grid. In addition, this site has been prone to flooding, which creates unsafe working conditions and limits site access during severe weather events.

In these types of brownfield substations, replacing individual assets often reveals interdependencies that quickly expand the scope of work, resulting in longer outages, higher costs, and increased safety risk. A planned full rebuild allows Elexicon to modernize the entire station in a controlled manner, improve safety clearances and egress, and standardize equipment.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-56

Substation Renewal
Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E / p. 34 (PDF p. 196)
Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / Appendix B / Asset Condition Assessment

At reference 1, the application defines operational efficiency and station health index which are part of the eight weighted variables in the Municipal Station priority analysis:

"Operational Efficiency - Evaluates the risk of lost opportunities for efficiency improvements through investment in labour-saving capital equipment. The benefits range from no impact on OM&A costs over the five-year period to potential OM&A cost reduction/avoidance >$250K. The more OM&A savings the projects could potentially achieve the higher the priority score."

"Station Health Index - Defines the condition of the station and acts as a proxy for the probability of failure. Each station's health index is the weighted aggregate HI value of the individual assets in the station. The lower the health index the higher priority score."

Question(s):
a) The description of the Operational Efficiency variable appears inconsistent. It states that the metric "evaluates the risk of lost opportunities for efficiency improvements through investment in labour saving capital equipment," but then describes the scoring as based on the magnitude of OM&A savings achieved through such investments. These two concepts, risk of missed opportunities and realized OM&A savings, seem to be separate.
i. Is the Operational Efficiency variable intended to measure (a) the risk associated with not undertaking the capital investment, (b) the expected OM&A savings from

undertaking the investment, or (c) both?

ii. If it measures both, please explain how these two components are differentiated and weighted within the scoring methodology.

iii. Please provide the specific scoring criteria, including how "lost opportunity risk" is quantified versus how OM&A savings (e.g., >$250k) are quantified.

b) Please confirm if the "Station Health Index" metric included in the Material Investment Narrative is the same as the "Aggregate HI Score by station" included in the Asset Condition Assessment.

c) Please explain the following for the Aggregate HI Scores for stations:

i. How is it calculated?

ii. Does each component listed (e.g., power transformer, station cable, etc.) receive a weighting factor? If yes, please provide the following:

i. The weighting factor for each component

ii. Please describe how each weighting factor was determined

d) If the "Station Health Index" metric is different from the "Aggregate HI Score by station", please answer part c) above for the "Station Health Index" metric.

RESPONSE:

a) i. The Operational Efficiency variable is intended to measure "(b) the expected OM&A savings from undertaking the investment". While the narrative description in the evidence refers to the "risk of lost opportunities," the quantitative scoring methodology is designed to capture the magnitude of avoidable OM&A costs that can be reduced through capital investment. It does not provide a separate risk-weighting for not proceeding with the project; rather, it prioritizes projects where the capital investment is expected to yield the highest operational cost reductions.

a) ii. As noted in part i., the variable does not measure both as separate components. The "lost opportunity" is used descriptively to express the consequence of not realizing the identified OM&A savings. Therefore, there is no separate weighting; the score is driven entirely by the scale of expected operational savings.

a) iii. The Operational Efficiency variable is quantified based on the anticipated reduction in reactive maintenance and emergency response costs. As an example, the replacement of an aged asset is expected to reduce the frequency of routine maintenance as well as the OM&A expenditures required to restore outages caused by asset failure.

Projects are scored based on the following magnitude of expected OM&A savings. The highest score would expect OM&A savings exceeding $250,000 over a five-year period. This typically applies to station renewals with high quantities of older assets or assets in "Poor" and "Very Poor" condition, where the frequency of emergency repairs is high.

b) Confirmed.

c) i. The Aggregate Health Index (HI) Score for a station is calculated as the weighted total HI of the individual asset classes located within that station. This methodology provides a single, composite metric that represents the overall physical condition of the substation by aggregating the health of its constituent components.

c) ii. Each asset class is assigned a weight as shown in Table 1 below. The weighting factors were determined based on industry-standard practices for asset management and health indexing, and Elexicon utilized the framework established in the CEATI Report (P-14-154 CEATI 3097 – Station Health Index).

Table 1: Asset Class Weights for Station Aggregate HI

Asset Class	Weight
Power Transformer	3.74
Circuit Breaker	2.29
Relay	0.23
Station Cable	1.68
Battery & Charger	2.09
Station Switch	0.29
Building	1.65
Fence	0.82

d) The "Station Health Index" metric included in the Material Investment Narrative is the same as the "Aggregate HI Score by station" included in the Asset Condition Assessment.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-57

Substation renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E (Exhibit 2B Part 2, PDF pp. 163 - 232)

Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / Appendix B / page 72 (Exhibit 2B Part 1, PDF p. 722)

Preamble: Total forecasted investment within the Substation Renewal program is $109.88M over the 2027-2031 rate period. The historical 2020-2024 program cost was $22.70M.

Investment in this program is separated into three segments:

- Station (full or partial rebuilds) $103.88M
- DC System replacements $3.29M and
- Station deficiencies $2.72M.

Table 5 summarizes the total investment associated with the Station Renewal program,

Tables 1 and 6 provide a listing of all Station rebuild investments for the 2027-2031 forecast period.

Question(s):

a) Please update Table 5 with 2025 actual expenditures.

b) For all the stations listed in Table 1 please provide the following information:

- The ratings (ONAN/ONAF) of each of the transformers in the station
- Each transformer age
- The current and forecast peak summer loading (2026-2031) of the transformers in the station
- The loading planning capacity of the transformers in the station
- The contingency sources to be drawn upon if all or a portion of station capacity is lost • Does it have mobile MS connection capabilities?

c) Please provide in a format similar to Table 6, forecast expenditures for the $78.18M Low Investment Option.

d) Which of the existing 62 Municipal Substations operated by Elexicon Energy have spill containment in the event of an oil leak or spill from the transformer(s) in the substation? Will any of the full station rebuilds result in oil containment being installed where none exists today?

e) Elexicon Energy states that the rebuild of Sandy Beach MS will be complete in 2026. Will all poor and very poor assets in the MS as identified in the ACA be replaced as part of the rebuild?

f) On an annual basis, how often is it required to de-energize feeder lines for routine relay maintenance at Shuter station?

g) The forecast cost for the rebuild of Catherine MS is $1.95M. Please provide details of the specific individual asset/works expenditures that comprise the $1.95M.

h) How long have the 4 feeder cables at Fairport MS been in this temporary condition? Are distribution feeder reconfiguration costs included in the station rebuild and relocation cost?

i) Elexicon Energy states that Edgehill T2 must be replaced due to Dissolved Gas Analysis results. The ACA has assessed Edgehill T2 in Fair condition with an HI of 54%. Why has T2 been assessed in Fair condition if DGA results warrant replacement?

j) What is the size of the new transformer that is to replace the existing T2 transformer at Edgehill MS?

k) What will be the disposition of the Cavan South MS transformer (HI = 57%) once the station is decommissioned?

l) Please provide a breakdown (by major station components and activities) of the 2027-2029 annual costs for the full rebuild of Garden MS.

m) Elexicon Energy is proposing the full rebuild of Crandell MS. The transformers HI is 70%. What will be the disposition of the transformer under the full rebuild proposal? Are the asbestos lined ducts at Crandell MS considered friable or non-friable?

n) Elexicon Energy states that the temporary transformer unit in Uxbridge West was manufactured in 1964. How many actual in-service years has this unit had versus years as a spare? What will be the disposition of the transformer under the full rebuild proposal?

o) For the Town Centre MS, what is the cost to replace the tie and line switches?

p) What will be the disposition of the Herchimer MS transformer (HI = 53%) once the station is

decommissioned?

q) Elexicon Energy is proposing the full rebuild of Cascade MS. The transformers HI is 64%. What will be the disposition of the transformer under the full rebuild proposal?

r) Elexicon Energy is proposing a full rebuild of Westney Heights MS. The transformers HI are 60% and 64%. What will be the disposition of the transformers under the full rebuild proposal? What is the cost to replace the cables with HI <10%?

s) The Sidney MS power transformer has a calculated Health Index of 29%. This is the lowest HI of all the Elexicon Energy power transformers. Please explain why this unit is not being addressed in the 2027-2031 period.

t) Please provide a listing of all spare MS transformers including location, voltage and capacity ratings.

u) Elexicon Energy plans to replace four DC systems annually at a cost of is $3.29 million over the 2027-2031 rate period. According to the most recent ACA, only 5 chargers are currently in poor or very poor condition, and no battery units are currently in poor or very poor condition. Most batteries are in the good to very good condition. Please provide a listing and individual cost of all projects in the DC System replacements for each year of the 2027-2031 forecast period.

v) Please provide a listing and individual cost of all projects in the Station Deficiencies program for each year of the 2027-2031 forecast period.

RESPONSE:

a) Table 1 below provides the expenditures for the Substation Renewal program with 2025 Actuals.

Table 1: Summary for Expenditures ($M) – with 2025 Actuals

	Actuals ($M)						Bridge ($M)	Forecast ($M)				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Gross	3.57	2.00	4.63	4.00	8.46	9.54	13.64	19.58	26.55	20.98	24.31	18.45
Contributions	-	0.81	-0.01	-0.42	-0.35	-	-	-	-	-	-	-
Net	3.57	2.81	4.62	3.58	8.12	9.54	13.64	19.58	26.55	20.98	24.31	18.45

b) Table 2 below provides the following information for all the substations part of the Substation Renewal investment plan:

- The ONAN/ONAF rating of each of the transformers in the station.
- Each transformer age.
- The current and forecast peak summer loading (2026-2031) of the transformers in the station.
- The loading planning capacity of the transformers in the station.

Table 2: MS Transformer Data, Loading and Planning Capacity

Project	Transformer Rating - ONAN/ ONAF (MVA)	Age	Current Peak Load (MVA)	2026 Peak Load - Forecast (MVA)	2027 Peak Load - Forecast (MVA)	2028 Peak Load - Forecast (MVA)	2029 Peak Load - Forecast (MVA)	2030 Peak Load - Forecast (MVA)	2031 Peak Load - Forecast (MVA)	MS Planning Capacity (MVA)
Shuter	T1 – 10/13.3	T1-36	4.52	4.88	5.26	6.94	7.42	7.92	8.36	T1 - 10.6
Catharine	T1 -5/6.67	T1-50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	T1 - 5.3
Fairport	T1 – 10/16.7 T2 – 10/16.7	T1-51 T1-51	23.89	24.05	24.17	24.29	24.42	24.57	24.71	T1 – 13.3 T2 -13.3
Edgehill	T1 – 15/20 T2 – 5/6.67	T1-64 T2-33	13.07	13.74	14.05	14.43	15.40	18.12	17.56	T1 – 16 T2 – 5.3
Cavan South	T1 – 3/NA T2 – 3/NA	T1-70 T2-70	1.29	1.29	1.29	0	0	0	0	T1 – 2.4 T2 – 2.4
Garden	T1 – 33.3 T2 – 20	T1-34 T2-19	27.91	28.42	28.68	28.79	28.99	29.27	29.50	T1 – 26.6 T2 – 16
Bigelow	T1 – 5/6.67	T1-60	5.64	5.70	5.76	5.85	5.95	6.06	6.15	T1 – 5.3
Crandell	T1 – 5/NA	T1-58	4.18	4.24	4.31	4.40	4.50	4.60	4.70	T1 – 4
Riverside	T1 -5/7.5	T1-61	2.47	2.47	2.47	2.47	2.47	2.47	2.47	T1 – 6
Uxbridge East	T1 – 5/6.67	T1-61	3.92	3.98	4.04	4.13	4.23	4.34	4.43	T1 – 5.3
Town Centre	T1 – 10/13.3 T2 – 12/19	T1-53 T2-35	8.68	8.84	8.96	9.08	9.21	9.36	9.50	T1 – 10.6 T2 – 15.2
Herchimer	T1 – 7.5/NA	T1-48	4.85	4.85	4.85	4.85	3.23	0.00	0.00	T1 – 6
Cascade	T1 – 5/6.67	T1-57	5.86	5.86	5.86	5.86	5.86	5.86	5.86	T1 – 5.3
Westney Heights	T1 – 10/16.6 T2 – 15/25	T1-35 T2-34	23.69	23.85	23.97	24.09	24.22	24.37	24.51	T1 – 13.3 T2 – 20
Uxbridge West	T1 - 5/NA	T1-61	3.34	3.40	3.46	3.55	3.65	3.76	3.85	T1 - 4

For all the stations proposed in the Substation Renewal program, Table 3 below identifies the stations most capable of providing capacity backup if there is an outage at the respective station.

Table 3: Capacity Backup Availability for Stations in the Substation Renewal Program

Area	Project - MS	Contingency Sources (MS)
Belleville	Catharine	Cascade
	Edgehill (13.8kV)	Reid
		Sidney
		Harder
	Edgehill (4.16kV)	Herchimer
		Church
		Jones
	Riverside	Cascade
		Jones
	Cascade	Catharine

Area	Project - MS	Contingency Sources (MS)
		Riverside
		Jones
	Herchimer	Church
		Edgehill (4.16kV)
		Jones
Ajax	Westney Heights	Applecroft
		Notion
		Squires Beach
		Dowty
Pickering	Fairport	Town Centre
		Bay Ridges
		Notion
		Sandy Beach
	Town Centre	Bay Ridges
		Sandy Beach
		Notion
		Fairport
Port Perry	Bigelow	Crandell
		Mabley
	Crandell	Bigelow
		Mabley
Uxbridge	Uxbridge East	Uxbridge West
	Uxbridge West	Uxbridge East
Whitby	Garden	Thickson
		Centre
		Rossland East
		Des Newman
Port Hope	Cavan South	Cavan North
		Peacock
		Howard Walker
	Shuter	James D Collins

The mobile station configuration selected by Elexicon, a 44 kV primary with dual secondary voltages at 13.8 kV and 4.16 kV, is compatible with the majority of Elexicon's municipal substations, which operate at these voltage levels. Due to voltage incompatibility, Shuter MS is

the only substation in the Substation Renewal program that is not compatible with the mobile substation voltage configuration. Detailed connection designs have not been completed at all stations, and minor infrastructure adjustments may be needed at certain locations to facilitate the mobile station connection.

c) Table 4 below shows the Substation Renewal expenditures in the Low Investment Option.

Table 4: Forecast Expenditure by Project ($M) – Low Investment Option

Project	2027	2028	2029	2030	2031
Station Deficiencies	0.49	0.52	0.54	0.57	0.58
DC System Replacement	0.54	0.6	0.66	0.72	0.77
Shuter	1.17	-	-	-	-
Catharine	1.95	-	-	-	-
Fairport	8.66	8.12	-	-	-
Edgehill	3.08	8.44	-	-	-
Cavan South	0.06	0.84	-	-	-
Garden	3.64	3.69	9.32	-	-
Bigelow		0.08	0.33	-	-
Crandell	-			1.18	1.93
Riverside	-	-	-	1.83	2.13
Uxbridge East	-	1.19	1.55	4.52	
Town Centre	-			4.36	4.13
Herchimer	-	-	-	-	-
Cascade	-	-	-	-	-
Westney Heights	-	-	-	-	-
Uxbridge West	-	-	-	-	-
Total	19.59	23.48	12.4	13.18	9.54

d) Of the existing 62 Municipal Stations operated by Elexicon Energy, 16 Municipal Stations have spill containment in the event of an oil spill containment under the power transformers. Of the 11 stations planned for full rebuilding, 9 will have oil spill containment installed as none exist there today.

e) Confirmed.

f) Maintenance of stations relays is performed on a 3-year cycle. To perform relay maintenance at Shuter MS, the feeder line the relay protects must be de-energized. Relay maintenance typically takes anywhere from 5 days to 2 weeks depending on the need for replacement.

g) Please refer to the response in 2-CCC-24 a) for details on the forecast expenditures for the full rebuild of Catharine MS.

h) The 4 feeder cables at Fairport MS have been in this temporary condition since 2016. Yes, distribution feeder reconfiguration costs are included in the station rebuild and relocation costs.

i) A Health Index (HI) value between 30% and 50% classifies an asset as being in "Poor" condition. Edgehill T2's 2025 HI is 54%, which is above the threshold of Poor condition, despite having poor dissolved gas analysis (DGA) results. As noted in Table 17 of Exhibit 2B - Tab 3 - Schedule 2 - Appendix B, the power transformer HI algorithm considers many variables in addition to the DGA such as service age, oil quality, insulation resistance, bushing electrical test, etc. In the case of Edgehill T2, when all condition parameters are ranked and the HI is calculated using the allocated weightings for each parameter, the resulting HI is 54%.

j) The size of the new transformer that is to replace the existing T2 transformer at Edgehill MS is 15/20/25 MVA ONAN/ONAF 1/ONAF 2.

k) The net book value of the Cavan MS transformer as of March 2026 is $9,120, the disposition value in 2028 when the MS is decommissioned will be lower than this March 2026 value.

l) Please refer to the response in 2-CCC-24 a) for specific details on the forecast expenditures for the full rebuild of Garden MS.

m) The existing power transformer at Crandell MS is fully depreciated. The friability of the

asbestos-lined ducts at Crandell MS has not been verified through a site-specific asbestos assessment or study.

n) The temporary transformer at Uxbridge West MS was manufactured in 1964. Elexicon does not possess complete legacy records to precisely determine the transformer's cumulative in-service years versus years maintained as a spare. Available records indicate that the unit has been utilized as a spare transformer since at least 2019. The permanent transformer previously serving Uxbridge West MS is fully depreciated and has been scrapped. Upon completion of the full rebuild of Uxbridge West MS and the installation of a new permanent power transformer, the 1964 temporary unit will be returned to the spare fleet, subject to ongoing condition monitoring and asset management practices.

o) Elexicon has not prepared a standalone cost estimate for replacing only the tie and line switches at Town Centre MS. The capital estimate developed for this station as part of the Substation Renewal Program reflects a full municipal substation rebuild, which includes replacement of primary equipment, protection and control systems, and associated civil and electrical works. Please refer to the response in 2-CCC-24 a) for the full rebuild cost estimate for Town Centre MS, which represents the basis on which the investment has been assessed and proposed.

p) The net book value of the Herchimer MS transformer as of March 2026 is $6,620, the disposition value in 2030 when the MS is decommissioned will be lower than this March 2026 value.

q) There will be no disposition costs involved with the power transformer for the full rebuild of Cascade MS, as the power transformer is fully depreciated.

r) The net book value for the two power transformers at Westney Heights MS transformer as of March 2026 is $542,812, the disposition cost when the project is completed in 2033 is calculated to be $356,943.

Elexicon has not prepared a standalone cost estimate for replacing only the cables with HI < 10% at Westney Heights MS. The capital estimate developed for this station as part of the Substation Renewal Program reflects a full municipal substation rebuild, which includes replacement of primary equipment, protection and control systems, and associated civil and electrical works. The full rebuild cost estimate for Westney Heights MS is provided in CCC-24 a) and represents the basis on which the investment has been assessed and proposed.

s) Elexicon's Substation Renewal Program applies the risk-based prioritization framework described in Section 4.2 of Exhibit 2B - Tab 4 - Schedule 3 - Appendix E, which evaluates Municipal Stations using eight weighted variables: Station Health Index, Safety, Environmental Impact, Electrical Service Continuity, Healthy and Productive Workforce, Operational Efficiency, Customer Convenience and Confidence, and Regulatory Compliance. Investment decisions are based on the combined priority score, reflecting both the probability of asset failure and the consequence of that failure, rather than Health Index alone. While the Sidney MS power transformer has a low Health Index of 29%, its overall priority score is moderated by lower relative consequences across the other variables. As a result, substations where poor asset condition coincides with higher failure consequences were prioritized ahead of Sidney MS. Consistent with Section 4.2, the Sidney MS transformer remains under ongoing condition monitoring and maintenance, with renewal deferred beyond the 2027–2031 period and subject to reassessment through future asset condition and prioritization updates.

t) Table 5 below provides a listing of all spare MS transformers including location, voltage and capacity ratings.

Table 5: Spare Power Transformers

Transformer Name	Primary Voltage	Secondary Voltage	Rating	Year Manufactured	Location
SSTX1732Y	44000V	13860V or 4160V (Dual Voltage)	5MVA	1970	Clarington Storage
SSTX1031A	44000V	27600V	15/20/25MVA	2003	Clarington Storage
SSTX1332N	44000V	13860V	10/13.3MVA	1991	Clarington Storage
SSTX1232I	44000V	13800V	12/16/20MVA	2005	Sandy Beach MS
SSTX1031Z	44000V	27600 or 12470 (Dual Voltage)	15/20/25MVA	2009	Gravenhurst Storage
SSTX1735Z	44000V	4160V	5MVA	1990	Gravenhurst Storage
SSTX1937Z	44000V	600V	1.5MVA	2011	Victoria West MS
SSTX041P	215500V	28000V	75/100/125MVA	2020	Seaton MTS
SSTX1738W	44000V	4160/2400V	5MVA	1981 (Rebuilt 1988)	Clarington Storage
SSTX285375	44000V	4160/2400V	5MVA	1964	Uxbridge West MS

u) Elexicon continuously evaluates the condition of its DC systems, and specific projects are identified one to two years in advance. As such, the specific projects for 2028 through 2031 have not yet been finalized.

The four DC system replacement projects identified for 2027 are:

- Pickering Beach MS,
- Sidney MS,
- Squires Beach MS,
- Thickson MS.

v) The Station Deficiencies program is designed to fund smaller, targeted replacement projects as they are identified through Elexicon's proactive maintenance cycles, including monthly inspections and scheduled preventive maintenance. Because these projects address specific equipment defects or safety hazards that emerge in real-time, a definitive list of individual projects for the 2027–2031 rate period cannot be provided in advance.

This program serves as a critical bridge between routine maintenance and major capital renewal, allowing Elexicon to address localized asset failures (such as a leaking bushing replacement, failed arrestor replacement or ground grid improvements) before they escalate into larger system outages or safety incidents.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-58

Substation Renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix E / p. 36 (PDF p. 198)

Ref 2: Exhibit 2B/ Tab 4 / Schedule 1 / p. 16 (PDF p. 17)

At reference 1, the application summarizes program risks and mitigation methods. The following is stated for program lead times:

"Risk: Program Lead Times - Procurement of key infrastructure components such as transformers and switchgear can take 24-36 months, impacting timely project execution.

Mitigation Methods: Advance Procurement: The timely execution of the project is heavily reliant on the availability of these critical assets. To proactively manage this risk and ensure alignment with the planned in-service date, Elexicon initiates procurement activities in advance of the anticipated project commissioning."

Question(s):

a) Please clarify precisely when this lead-time period begins (e.g., at issuance of RFP/RFQ, at contract award, at vendor purchase order acceptance, or another milestone).

b) Based on the response above, for each MS renewal project planned for the 2027-2031 period, please confirm when this procurement activity for transformers and switchgears was initiated. For example, if the lead-time period begins at the issuance of the RFP/RFQ, please identify when the RFP/RFQ was issued (or is planned to be issued) for each project.

c) For each MS renewal project planned for the 2027-2031 period, please provide the estimated delivery date for the transformers and switchgear and if they have been delivered.

d) At reference 2, Elexicon Energy states that, "Elexicon experienced delays in the delivery of equipment such as transformers and switchgear, which caused several substation renewal projects to be deferred. Notably in years 2022 and 2023, Elexicon in-serviced less than planned due to delayed switchgear replacements in Monarch MS and Liberty MS."

i. Have any major equipment orders for any of the substation renewal projects planned for the 2027-2031 been delayed? If yes, please indicate which projects, the duration of the delay, and any revised equipment delivery schedules. Have these delays been incorporated into the forecast schedule for substation renewal?

RESPONSE:

a) The procurement duration of 24–36 months noted for key infrastructure components, such as power transformers and high-voltage switchgear, begins when the purchase order is issued to and accepted by the vendor.

b) Not all projects within the Substation Renewal program require the replacement of a power transformer or switchgear. Table 1 below specifically lists only those municipal substation (MS) renewal projects that require the procurement of these major infrastructure components and identifies the target initiation date for the associated procurement activities. Consistent with the 24–36 month lead-time window previously described, the target procurement initiation year represents the year in which the purchase order will be issued and received by the vendor. The target ensures that these critical assets are delivered and on-site to meet the planned in-service dates.

Table 1: MS Project Procurement Plan for Power Transformer and Switchgear

	Target Procurement Initiation Year		Planned In-Service Year
Substation	**Transformer**	**Switchgear**	
Catharine	PO issued in 2023. Unit received in 2025	2026	2027
Fairport	PO issued in 2024. Units received in 2025	2026	2028
Edgehill	2026	2026	2028
Garden	2026	2027	2029
Crandell	2027	2028	2030
Riverside	2027	2028	2030
Uxbridge East	2027	2028	2030
Town Centre	2028	2029	2031
Cascade	2029	2030	2032
Westney Heights	2030	2031	2033
Uxbridge West	2030	2031	2033

c) Elexicon targets acceptance of delivery of power transformers and switchgear in the same year that a project is scheduled to be place into service, with delivery typically planned sufficiently in advance of commissioning to support construction and outage coordination. Table 1 above shows the planned in-service year, which represents the year in which Elexicon is targeting delivery of these long-lead components for each Substation Renewal project.

d)

i. No major equipment orders for any of the substation renewal projects planned for the 2027-2031 have been delayed at this time.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-59

Underground System Renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix F (Exhibit 2B Part 2, PDF pp. 233 - 281)

Preamble:

Total forecasted investment within the Underground System Renewal program is $84.15M from 2027 to 2031. The historical 2020-2024 program cost was $18.02M.

Question(s):

a) Please update Table 7 with 2025 actual expenditures.

b) Please update Table 8 with 2025 actual figures.

c) Please provide the annual costs for each of the equipment categories in Table 8.

d) Please provide in a format similar to Tables 7 and 8, forecast expenditures for the $48.64M Low Investment Option.

e) How many individual lengths of submarine cables does Elexicon Energy have in its service area? What are number and the individual lengths of the submarine cables that are proposed to be replaced in the 2027-2031 forecast period?

f) Old cables will be replaced with new TR-XLPE cables in PVC conduit infrastructure. Is the new TR-XLPE cable strand sealed?

RESPONSE:

a) Table 1 presents a revised version of Table 7 in the referenced exhibit with 2025 actual expenditures:

Table 1: Summary of Expenditures

	Actuals					Bridge		Forecast				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Total ($M)	4.23	6.90	4.15	1.81	0.93	2.03	-	0.72	9.66	16.65	24.62	32.50

b) Table 2 presents a revised version of Table 8 in the referenced exhibit with 2025 actual figures:

Table 2: Summary of Major Underground Asset Replacements

	Actuals					Bridge		Forecast				
Years	**2020** [1]	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
U/G Transformers	27	153	74	43	30	40	-	11	80	91	91	91
U/G Switches	26	53	29	9	5	0	-	1	11	11	11	11
U/G Cable Replacement (km)	2.7	5.4	1.7	0.4	-	0	-	-	9.2	17.4	26.1	36.8
U/G Submarine Cable Replacement (km)	-	-	-	-	-	0	-	-	0.9	0.9	0.9	-
U/G Cable Injection (km)	-	33.4	19.7	-	-	17	-	4.0	9.8	21.5	30.7	34.0

c) Table 3 presents the annual costs for each of the equipment categories in Table 8:

Table 3: Summary of Expenditures ($M)

	Actuals					Bridge		Forecast				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
U/G Transformers	0.38	1.06	0.61	0.07	0.43	0.44	-	0.16	1.31	1.58	1.69	1.76
U/G Switches	2.52	2.56	1.67	1.42	0.50	0.00	-	0.08	1.73	1.73	1.86	1.92
U/G Cable Replacement (km)	1.33	1.33	0.50	0.32	-	0.00	-	-	5.00	10.03	16.15	23.64
U/G Submarine Cable Replacement (km)	-	-	-	-	-	0.00	-	-	0.36	0.38	0.41	-
U/G Cable Injection (km)	-	1.95	1.37	-	-	1.59	-	0.48	1.26	2.94	4.50	5.17

[1] Historical asset count data for 2020 reflect estimated amounts.

d) Table 4 and table 5 presents, forecast expenditures for the $48.64M Low Investment Option.

Table 4: Summary of Expenditures ($M)

	Actuals					Bridge		Forecast (Low)				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Total	4.23	6.90	4.15	1.81	0.93	2.03	-	0.48	6.21	9.81	14.02	18.11

Table 5: Summary of Expenditures ($M)

	Actuals					Bridge		Forecast (Low)				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
U/G Transformers	0.38	1.06	0.61	0.07	0.43	0.44	-	0.12	0.99	1.19	1.28	1.33
U/G Switches	2.52	2.56	1.67	1.42	0.50	0.00	-	0.06	1.32	1.32	1.42	1.47
U/G Cable Replacement (km)	1.33	1.33	0.50	0.32	-	0.00	-	0.00	1.99	3.98	6.41	9.38
U/G Submarine Cable Replacement (km)	-	-	-	-	-	0.00	-	0.00	0.29	0.30	0.33	0.00
U/G Cable Injection (km)	-	1.95	1.37	-	-	1.59	-	0.52	1.36	3.16	4.85	5.57

e) Elexicon has approximately 99 segments of individual submarine cables in its service territory with a total combined length of approximately 26 km. Please refer to table 6 below for individual segments of submarines cables planned to be replaced in the forecast period.

Table 6: Segment of submarine cables planned to be replaced in the forecast period

Segment Number	Length (m)
Segment #1	137
Segment #2	472
Segment #3	133
Segment #4	149
Segment #5	321
Segment #6	143
Segment #7	257
Segment #8	179
Segment #9	128
Segment #10	118
Segment #11	404
Segment #12	272

f) Yes, the new underground primary TR-XLPE cables are strand sealed.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-60

Overhead System Renewal

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix F (Exhibit 2B Part 2, PDF pp. 282 - 335)

Preamble: Total forecasted investment within the Overhead System Renewal program is $55.72M from 2027 to 2031. The historical 2020-2024 program cost was $29.63M.

Question(s):

a) Please update Table 8 with 2025 actual expenditures.

b) Please update Table 9 with 2025 actual figures.

c) Elexicon Energy states that Pole-Tran transformers will be replaced with standardized pole mount transformers. Is it Elexicon Energy's intention to replace the Pole-Trans pole and distribution system with an overhead system?

RESPONSE:

a) Please refer to the updated Table 8 below with 2025 actuals.

Table 8: Summary of Expenditures ($M):

	Actuals					**Bridge**		**Forecast**				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital	4.57	7.67	7.23	5.37	4.78	4.68	1.01	2.58	10.34	13.25	14.74	14.80
Contributions												
Capital (Net)	4.57	7.67	7.23	5.37	4.78	4.68	1.01	2.58	10.34	13.25	14.74	14.80

b) Please refer to the updated Table 9 below with 2025 actuals.

Table 9: Summary of Major Overhead Asset Replacements

	Actuals					Bridge		Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Transformers	33	18	64	15	9	64	8	10	25	14	22	21
Switches	51	102	74	20	39	74	8	4	207	211	212	218
Wood Poles	216	353	299	180	111	132	35	26	56	81	98	96
Concrete Poles							-	32	30	64	91	91
Conductor (km)			2	0	0	0	-	-	-	-	-	-

c) Yes, it is Elexicon's intention to replace the legacy PoleTran transformer with pole-mounted transformers within an overhead distribution system.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-61

Reactive Capital

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix H (Exhibit 2B Part 2, PDF pp. 336 - 363)

Preamble: Total forecasted investment within the Reactive Capital program is $30.23M from 2027 to 2031. The historical 2020-2024 program cost was $29.77M. Significant increases in Reactive Capital Actual versus Plan are noted in years 2022, 2023 and 2024 due to a combination of severe weather events and higher number of failures

Question(s):

a) Please update Table 8 with 2025 actual expenditures.

b) Please provide a breakdown of the portions of reactive capital cost due to severe weather and failures for each of the 2020 - 2025 historical years.

c) Figure 6 indicates that no UG cable required reactive replacement over the 2020-2024 period. Please confirm that there was no UG cable replaced over the historical period through the reactive capital program.

d) Table 8 indicates no capital contributions for reactive capital over the 2027 - 2031 forecast period. Does Elexicon Energy anticipate that there will be no foreign interference impacts (ie. Vehicle impacting Elexicon Energy equipment) over this period?

RESPONSE:

a) Please see below for updated Table 8 with 2025 actuals:

	Historical					Bridge		Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Gross	2.60	1.92	8.25	6.51	10.79	12.81	7.56	8.43	7.10	5.13	5.10	4.47
Contribution	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	2.60	1.92	8.25	6.51	10.49	12.81	7.56	8.43	7.10	5.13	5.10	4.47

b) Below is the table summarizing the annual portions related to:

- Non-weather-related failures, and
- Severe weather events.

Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Non-weather-related failures	2.14	1.68	3.64	6.35	9.66	9.47
Severe weather events	0.46	0.23	4.62	0.16	0.83	3.34
Total	2.60	1.92	8.25	6.51	10.49	12.81

c) Underground (UG) cable replacements were undertaken through the reactive capital program over the 2020–2024 period. These replacements were primarily associated with failure-driven interventions where the cable was not suitable for repair and replacement was required to restore service continuity. Please refer to Table 1 from 2-CCC-27 b) for historical UG cable replacement.

d) No. The absence of forecast capital contributions in Table 8 for 2027-2031 does not imply that Elexicon anticipates there will be no foreign interference events. As described in the application, foreign interference is one of the unforeseen event types that can require Reactive Capital investment. Where the costs are recoverable from a responsible third party or insurer, they are typically addressed through the claims process. Where a capital investment is required and costs are not recoverable, the costs would be captured in the Reactive Capital program. Where the repair is minor, the work may instead be addressed through OM&A budget.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-62

Substation Growth

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix I (Exhibit 2B Part 2, PDF pp. 364-412)

Preamble: Total forecasted investment within the Substation Growth program is $147.33M from 2027 to 2031. The historical 2020-2024 program cost was $41.58M. Approximately two-thirds of the forecast spending in the program will be invested into a new transformer station, GTA East TS, in the North Pickering/Whitby area.

Question(s):

a) Please update Table 6 with 2025 actual expenditures.

b) Elexicon Energy states that capacity assessment incorporates N-1 contingency planning. N-1 contingency planning at the DESN Transformer Station level ensures that the loss of a incoming transmission line, or transformer station power transformer would not result in the loss of power to downstream distribution customers. Under the Elexicon Energy N-1 MS capacity planning standards will the loss of a MS transformer result in a loss of supply to connected customers until a contingency backup supply source takes over?

c) Please provide the following for each new and upgraded MS proposed in the Substation Growth program:

a. each existing area MS and their current and forecast loading that comprise the system planning evaluation

b. the calculation for the existing MS Planning Capacity,

c. the calculation for the N-1 MS Planning Capacity

d. how many hours a year each of the MS are expected to be above the N-1 MS Planning Capacity over the 2027-2031 forecast period.

d) Please provide the annual 2027-2031 customer growth in each of the planning areas where new MS are proposed.

e) For the BLG development in North Whitby which is planned to be developed in two stages, when are the in-service dates for Stage 1 and Stage 2?

f) Elexicon Energy states that supply MS for the BLG development have been defined based on the reasonable distances from the BLG development load centre. Are there any other reasons that the Taunton West MS is not suitable for area supply considerations?

g) Tables 12 and 13 indicate Forecasted Load and 13.8kV MS Planning Capacity in Belleville without and with Foster MS included. Without Foster MS, there is no change to the Maximum Planning Capacity and the N-1 MS Planning Capacity. What impact does the Edgehill MS T2 13.8kV upgrade, to be completed in 2028, have on the Maximum Planning Capacity and the N-1 MS Planning Capacity?

h) Why is the Port Hope MS considerably more expensive than the Foster MS?

i) Due to station decommissioning, upgrades, conversions, etc., are any of the existing 4.16kV power transformers (eg. Cascade Tx with an HI of 64%) available for use with the proposed Uxbridge North MS?

j) How is the existing capacity at Bradshaw MS to be upgraded? Additional TX or upgraded TX? If upgrading, can the existing 13.8kV power transformer (HI = 74%) be used elsewhere in the system as part of the Substation Growth program?

RESPONSE:

a) Table 1 below shows the Substation Growth program annual expenditures with 2025 actual expenditures.

Table 1: Summary of Net Expenditures– with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Gross ($M)	4.37	8.19	17.46	0.78	10.77	(0.17)	29.53	35.81	20.99	30.64	21.56	38.33
Contributions ($M)	-	-	-	-	-	-	(4.66)	-	-	-	-	-
Net ($M)	4.37	8.19	17.46	0.78	10.77	(0.17)	24.50	35.81	20.99	30.64	21.56	38.33

b) Yes. Under Elexicon Energy's N-1 MS Planning Capacity standards, the loss of the single largest transformer within a group of Municipal Stations (MS) that provide mutual backup to each other can result in an initial loss of supply to connected customers. Power is restored once the load is successfully transferred to the remaining available capacity at adjacent stations by utilizing tie points at the distribution feeder level.

However, when the regional system load exceeds the N-1 MS Planning Capacity (i.e., utilization exceeds 100%), there can be an insufficient capacity risk. In this case, there is no longer enough spare capacity at adjacent MSs to absorb the total load of the failed unit. Consequently, a portion of the customer load cannot be restored until the failed asset is repaired or replaced.

c) For parts a), b), and c) please refer to the attached Excel file 2-Staff-62(1)_ Substation Growth for tables containing:

- Each existing area MS and their current and forecast loading that comprise the system planning evaluation in Sheet: 2-Staff-62 c) a.
- Calculation for the existing MS Planning Capacity that comprise the system planning evaluation in Sheet: 2-Staff-62 c) b.
- Calculation for the N-1 MS Planning Capacity that comprise the system planning evaluation in Sheet: 2-Staff-62 c) c.

c) part d) Elexicon planning practices does not forecast how many hours a year each of the MS are expected to be above the N-1 MS Planning Capacity over the 2027-2031 forecast period. Elexicon's investment drivers are based on reaching a capacity deficit and the associated system risk. Once a station's forecasted peak load exceeds N-1 MS Planning Capacity, a reliability

deficiency is established. Operating beyond this limit creates an unacceptable risk to customers during a contingency event, where there would be insufficient capacity to restore all affected load. The potential for customer impact and the risk of equipment damage or cascading outages are primary drivers that must be mitigated, regardless of the specific number of hours the peak load occurs.

d) Please see Table 2 below for the 2027-2031 forecast customer growth in each of Elexicon's load forecasting planning areas. Note that this customer growth is the Elexicon chosen scenario, as per the peak load forecast described in Exhibit 2B - Tab 3 - Schedule 1 - page 16 – 27.

Table 2: Forecast Customer Growth by Region 2027-2031 – Elexicon Chosen Scenario

Region	2027	2028	2029	2030	2031
Ajax	1024	1024	1024	1024	1024
Pickering	1866	1866	1866	1866	1866
Whitby	1316	1316	1316	1316	1316
Clarington	600	600	600	600	600
Belleville	68	68	68	68	68
Brock	86	86	86	86	86
Gravenhurst	70	70	70	70	70
Port Hope	71	71	71	71	71

e) The planned in-service dates for the Winchester West MS in North Whitby are 2027 for Phase 1 and 2031 for Phase 2.

f) Taunton West MS is not suitable for area supply considerations because the North Whitby area is forecasted to become capacity constrained during the proposed rate period. Total load in the North Whitby region is projected to exceed both Maximum Planning Capacity and N-1 MS Planning Capacity within the rate period.

The primary driver for the Winchester West MS project is to resolve this regional capacity constraint. Elexicon evaluated the option of upgrading existing municipal stations, including

Taunton West MS, as an alternative to new construction. However, this option was rejected because the magnitude of new capacity required to support the Brooklin Landowners Group (BLG) development and regional growth cannot be sufficiently addressed through upgrades to existing stations. Winchester West MS is the proposed solution that addresses the capacity constraint while remaining strategically located near the development's load center.

g) The completion of the Edgehill MS rebuild in 2028 will have no impact on either the Maximum Planning Capacity or the N-1 MS Planning Capacity. While the Edgehill MS T2 power transformer will increase in nameplate capacity from 20 MVA to 25 MVA, the project is defined as a rebuild rather than a capacity upgrade. In this specific station configuration, the planning capacities are restricted by the downstream feeder infrastructure rather than the transformer itself. Because the number of 13.8 kV feeders at Edgehill MS will remain at two feeders, the limiting factor for the station's ability to deliver power to the distribution system remains unchanged. The decision to install a 25 MVA unit, despite the feeder limitation, is part of Elexicon's ongoing effort to standardize power transformers across the system.

h) The cost estimate for the Port Hope MS project is higher than that of the Foster MS project primarily due to differences in the conceptual design and the operating voltage of the two stations:

- Operating Voltage and Equipment Specifications: Port Hope MS operates at 27.6 kV, while Foster MS operates at 13.8 kV. Equipment rated for a 27.6 kV system belongs to a higher voltage class, requiring larger physical footprints and more expensive materials to maintain the necessary insulation levels. This results in significantly higher procurement costs for assets compared to the 13.8 kV equipment used at Foster MS.
- Civil and Infrastructure Requirements: The conceptual design for Port Hope MS identified a requirement for a higher quantity of distribution cabling compared to the Foster MS project. The increased scope for cable procurement and installation, along with the associated civil work for duct banks contributes to the overall higher project forecast for Port Hope MS.

i) None of the existing 4.16 kV power transformers, including units associated with station decommissioning, upgrades, or conversion, are suitable for permanent installation at the proposed Uxbridge North MS. Utilizing aged or under-sized assets for a new station build would compromise the capacity and reliability benefits and long-term planning objectives of the Uxbridge North MS project.

For instance, the existing power transformers at Uxbridge East MS and Uxbridge West MS are not suitable for permanent installation at the proposed Uxbridge North MS for the following reasons:

- Asset Condition and Lifecycle: The power transformer at Uxbridge East MS is 61 years old. Given its age and the risks associated with condition degradation, this unit is not suitable for permanent installation at a new substation.
- Asset Classification: The transformer currently in service at Uxbridge West MS is a temporary spare unit, deployed following the failure of the permanent unit in 2022. Upon completion of the Uxbridge West MS rebuild, this unit will be returned to the spare fleet to maintain Elexicon's emergency response capability.
- Capacity Requirements: The proposed Uxbridge North MS is designed for 10 MVA capacity, which is larger than the existing units at Uxbridge East MS and Uxbridge West MS.

j) Increasing the capacity at Bradshaw MS will involve replacing the existing power transformer with a larger 25 MVA unit rather than adding a second transformer. The Bradshaw MS capacity upgrade project is currently scheduled for completion in 2031. Since the project is slated for the end of the 2027 to 2031 rate period, the condition of the existing power transformer will be formally re-evaluated closer to the 2031 in-service date. At that time, Elexicon will determine the most prudent use for the asset, which may include adding it to the emergency spare fleet, provided its Health Index and technical specifications remain suitable for continued service.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-63

Grid Enhancements

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix J (Exhibit 2B Part 2, PDF pp. 428-471)

Ref 2: Exhibit 2B / Tab 3 / Schedule 2 / Appendix A / pp. 9, 23 (Exhibit 2B Part 1, PDF pp. 632, 646)

Preamble: Elexicon Energy is forecasting a total investment of $67.81M over the 2027-2031 period in the Grid Enhancements program. The historical 2020-2024 program cost was $20.53M.

Question(s):

a) Please update Tables 4 and 5 with 2025 actual expenditures.

b) How many SCADA enabled units and reclosers were installed in each of the 2020-2025 years and proposed in the 2026 forecast year? How many are to be installed in each of the 2027 - 2031 forecast years?

c) Of the 256 Elexicon Energy feeders, how many are 4.16kV feeders?

d) Are any SCADA enabled units and reclosers to be installed on existing 4.16kV feeders?

e) How many communicating fault current indicators (CFCIs) were installed in each of the 2020 - 2025 years and proposed in the 2026 forecast year? How many are to be installed in each of the 2027 - 2031 forecast years?

f) How many CFCIs are proposed to be installed on each of the respective 27.6kV, 13.8kV and 4.16kV systems over the 2027-2031 period?

g) What conditions would not permit the deployment of CFCIs?

h) How many self-resetting fuses were installed in each of the 2020 - 2025 years and proposed in the 2026 forecast year? How many are to be installed in each of the 2027 - 2031 forecast years?

i) How many reclosing attempts will the self-resetting fuses try before lock-out?

j) How many self-resetting fuses are proposed to be installed on each of the respective 27.6kV, 13.8kV

and 4.16kV systems over the 2027-2031 period?

k) Which stations are to be subject to Asset Performance Management systems over the 2027-2031 period?

l) Elexicon Energy plans to implement station modernization within the Grid Enhancements program, targeting a deployment pace of approximately three stations per year. Please identify the stations covered by this program for each of the 2027 - 2031 years.

m) Elexicon Energy will replace 26 protection relays across 7 stations over the 2027 - 2031 years. Please identify which stations are affected in each of the 2027 -2031 years.

RESPONSE:

a) Refer to the revised Table 4 and Table 5 below, which have been updated to incorporate 2025 actual expenditures.

Table 4 (Revised): Summary of Expenditures

	Actuals					**Bridge**		**Forecast**				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Distribution Modernization ($M)	0.88	0.78	0.37	0.48	5.20[1]	6.11[1]	0	0.55	1.17	2.50	4.03	4.87
Station Modernization ($M)	0.17	0.78	3.33	3.56	3.64	0	0	1.16	1.22	1.39	1.89	2.00
Distribution Capacity and Reliability Enhancements ($M)	0.59	2.59	0.94	0.02	0	6.35	1.26	7.04	8.31	5.19	3.08	23.39
Gross ($M)	**1.63**	**4.15**	**4.63**	**4.07**	**8.84**[1]	**12.46**	**1.26**	**8.75**	**10.71**	**9.08**	**9.00**	**30.26**
Contributions ($M)	0	0.17	0.12	0.32	2.20	**1.28**	0	0	0	0	0	0
Capital (Net) ($M)	**1.63**	**3.99**	**4.52**	**3.75**	**6.64**[1]	**11.18**	**1.26**	**8.75**	**10.71**	**9.08**	**9.00**	**30.26**

[1] Capital expenditures include the ICM-funded Whitby Smart Grid Project

Table 5 (Revised): **Distribution Modernization Expenditures (Net)**

	Actuals					Bridge		Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
SCADA Enabled Switches ($M)	0	0.50	0.27	0.39	0.11	0.36	0	0.17	0.36	0.76	1.22	1.48
CFCIs ($M)	0.01[2]	0.09[2]	0.01[2]	0	3.52[1&2]	5.51[1]	0	0.09	0.19	0.41	0.66	0.80
Self-Resetting Fuses($M)	0.22	0.05	0.02	0	0.01	0.24	0	0.09	0.20	0.43	0.69	0.84
Reclosers ($M)	0.66	0.14	0.07	0.09	0.43	0	0	0.20	0.42	0.90	1.45	1.76
Capital (Net) ($M)	**0.88**	**0.78**	**0.37**	**0.49**	**4.07 Error! Bookmark not defined.**	**6.11** Error! Bookmark not defined.	**0**	**0.55**	**1.17**	**2.50**	**4.03**	**4.87**

b) Refer to Table 6 below, which presents a summary of SCADA-enabled switches and reclosers installed over the period 2020 to 2025, as well as the forecast installations for the period 2026 to 2031.

Table 6: SCADA-Enabled Switches and Reclosers Installations (Historical and Forecast)

Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
SCADA-Enabled Switches	0	3	1	2	1	2	0	1	2	4	6	8
Reclosers	4	1	0	1	3	0	0	1	2	4	7	8

c) 65 of Elexicon's 256 feeders are 4.16kV.

d) Elexicon does not plan to install SCADA-Enabled switches or Reclosers on existing 4.16 kV feeders during the 2027–2031 period. Instead, these investments will be directed toward higher-voltage, worst performing feeders serving a larger customer base, where they are expected to deliver greater reliability and resiliency benefits for Elexicon's customers.

e) Refer to Table 7 below. Note that Table 7 represents the number of locations, with each location with each location comprising three devices, corresponding to one device per phase.

[2] Capital expenditures are associated with FCI installation as Elexicon did not install any CFCIs prior to 2025

Table 7: CFCI Installations (Historical and Forecast)

Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
CFCI	0	0	0	0	0	201	0	7	14	30	47	58

f) Elexicon plans to deploy CFCIs across all service districts, prioritizing the worst-performing feeders that experience frequent interruptions and serve a large number of customers. Locations for the full forecast period have not yet been finalized, as Elexicon is continuing system analysis and studies to determine the most effective placements. In 2027, Elexicon plans to deploy CFCIs at seven locations on the 13.8 kV and 27.6 kV systems.

g) CFCIs require a minimum operating current and cellular signals to operate and communicate effectively. In areas where current levels are below this threshold or cellular signals are weak, Elexicon will continue to deploy traditional fault current indicators (FCIs) as an alternative to manage fault indication.

h) Refer to the table 8 below:

Table 8: Self-Resetting Fuses Installed and Forecast 2020 to 2031

Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Self-Resetting Fuses	17	4	1	0	1	17	0	7	14	29	45	56

i) Self-resetting fuses are capable of performing up to three reclosing attempts prior to lockout, with the exact number of operations configurable based on system protection coordination and operational requirements.

j) Elexicon plans to deploy self-resetting fuses on the problematic lateral feeds that experience frequent interruptions. Locations, and the corresponding counts by voltage level, for the forecast period have not yet been finalized, as Elexicon continues to undertake system analysis and planning studies to determine optimal placements. Elexicon has forecasted the installation of 150 self-resetting fuses over the 2027-2031 period.

k) The specific stations to be subject to Asset Performance Management systems and station modernization over the 2027–2031 period are currently being evaluated as part of ongoing project scoping for the forecast period. Station selection will be coordinated with the R1 Substation Renewal investment plan, such that priority is given to stations that are scheduled for rebuilding, where the integration of advanced monitoring and asset performance technologies can be implemented efficiently and cost-effectively. Consistent with the filed evidence, station selection will also consider factors such as reliability performance, asset condition, existing station technology and monitoring capability, and operational criticality.

l) Refer to Elexicon's response to part k) above.

m) Refer to Table 9 below.

Table 9: Planned Protection Relay Replacements for 2027 to 2031

Station Name	Replacement Year	Number of Relays
Taunton West	2027	3
Squires Beach	2028	6
William Lawler	2029	5
Conlin	2030	3
Taunton East	2030	3
Thickson	2031	4
Centre	2031	2
Total		**26**

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-64

Voltage & System Conversion

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix K (Exhibit 2B Part 2, PDF pp. 472- 509)

Preamble:

Elexicon Energy has identified key priority areas for voltage & system conversion during the 2027-2031 rate period, with a total forecast investment of $23.64M. The historical 2020-2024 program cost was $1.71M.

Elexicon Energy plans to invest approximately $6.83M during the 2027-2031 rate period for voltage & system conversion within the Port Hope service area.

Question(s):

a) Please update Table 6 with 2025 actual expenditures.

b) The new Port Hope MS is scheduled for 2029 in-service. Cavan South MS is scheduled for decommissioning in 2028. Please provide the annual loading for each of the existing and proposed MS in the Port Hope area over the 2027-2031 period.

c) Page 477 of the PDF states that the Edgehill MS T1 operates at 13.8kV and T2 operates at 4.16kV. Page 479 of the PDF states that Edgehill MS T1 will continue to operate at the 4.16 kV system voltage during the 2027-2031 planning period. Please clarify the actual Edgehill MS T1 and T2 voltage ratings.

d) What is the capacity and projected 2027-2031 load of the Green River Step-Transformer?

e) Are Greenwood North Transformer and Greenwood Transformer also Step-Transformers?

f) Elexicon Energy states that for the North-West Pickering distribution system, connections are limited to a maximum transformer size of 500 kVA at 8.32 kV due to technical and equipment limitations. The system is already operating near its planning capacity limit of 3.6 MVA. Any new connection requests under current conditions would require costly system expansions from the 27.6 kV network which are

often economically unfeasible for some customers and developers. Is the purpose of this conversion to allocate expansion costs to existing rate base customers instead of new customers and developers?

RESPONSE:

a) Please refer to Table 1 below with 2025 actuals incorporated:

Table 1: Summary of Expenditures with 2025 actuals

	Actuals ($M)					Bridge($M)		Forecast($M)				
Years	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Port Hope	0.67	0.95	0.04	0.01	0.01	0	0	0	0	2.51	2.33	1.99
Belleville	0	0.01	0	0	0	0	0	0	5.07	2.98	1.60	1.11
Pickering	0	0	0	0	0.01	0	0	0	3.07	1.59	0.89	0.46
Other	0	0	0.01	0	0	-0.17[1]	0	0	0	0	0	0
Capital (Net)	0.68	0.96	0.05	0.01	0.01	-0.17[1]	0	0	8.14	7.08	4.83	3.58

b) Please refer to Table 2 below, which presents the forecast loading for Port Hope Municipal Stations over the 2027–2031 period. Port Hope 27.6kV MS is a newly proposed station in Port Hope and is planned to be energized in 2029 as part of Elexicon's Substation Growth investment program. Additional details regarding the Port Hope MS project are provided in Exhibit 2B - Tab 4 - Schedule 3, pages 35–39.

[1] The negative value in 2025 reflects a cost reversal resulting from materials being returned to inventory

Table 2: Forecasted Load for Port Hope Municipal Stations (2027-2031)

Municipal Station	Voltage Level (kV)	Forecast Loading (MVA)				
		2027	2028	2029	2030	2031
Cavan South	4.16	1.29	0	0	0	0
Cavan North	4.16	2.32	2.32	2.32	2.32	1.76
Howard Walker	4.16	1.26	1.26	0.66	0.05	0
James D Collins	27.6	7.12	7.51	7.99	8.49	8.93
Peacock	4.16	2.50	2.50	2.50	2.50	2.50
Shuter	27.6	5.26	6.94	7.42	7.92	8.36
Port Hope 27.6 kV MS	27.6	0	0	0.48	0.98	1.42

c) Edgehill MS T1 steps the voltage down from 44 kV to 13.8 kV, while Edgehill T2 steps the voltage down from 44 kV to 4.16 kV.

d) Please refer to Figure 1 below. Elexicon forecasts that loading on the Green River step transformer will remain stable over the 2027–2031 period without voltage conversion, as the 8.32 kV system in the Ajax-Pickering area is at its N-1 planning capacity and unable to accommodate additional load growth. Please also refer to Figure 2, which illustrates the overall capacity and loading of the 8.32 kV system in Ajax-Pickering. Please note that the 8.32 kV system is supplied from the 27.6 kV system in Pickering; consequently, any future load growth in the Ajax-Pickering area will be accommodated through system expansion supplied from the 27.6 kV system, given the capacity constraints on the existing 8.32 kV system. For additional information on the 27.6 kV system peak load forecast over the 2027–2031 period, please refer to Exhibit 2B - Tab 3 – Schedule 2, page 57.

Figure 1: Green River Step Transformer Load and Capacity Forecast (2027-2031)

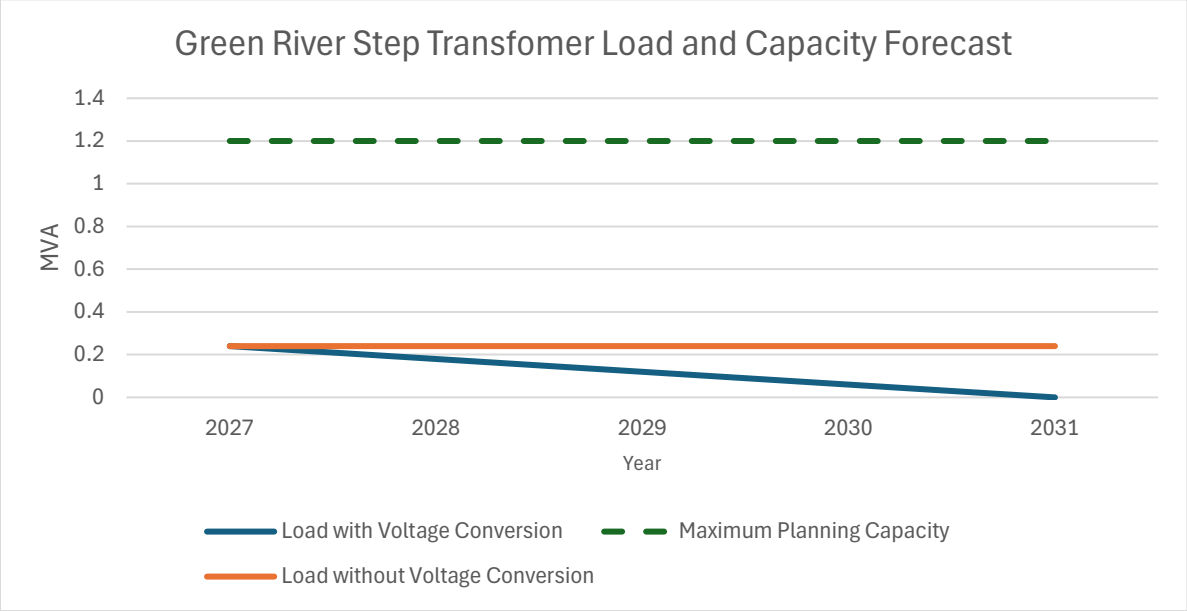
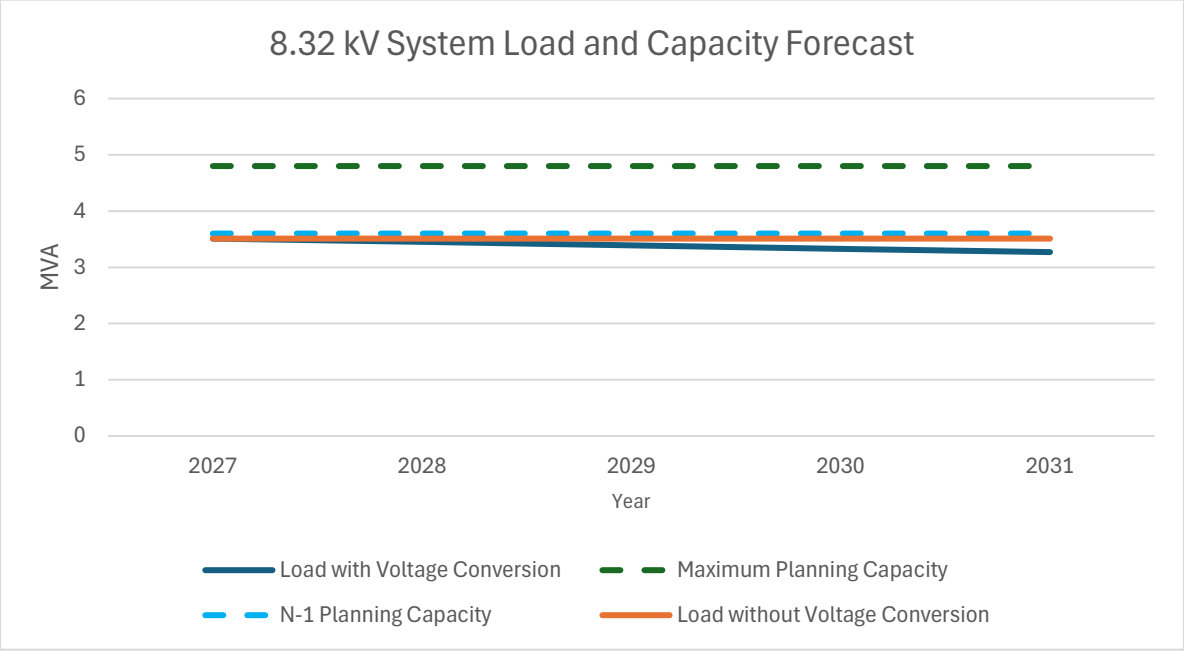


Figure 2: Pickering 8.32 kV System Load and Capacity Forecast (2027-2031)



e) Yes. Greenwood North transformer and Greenwood transformer are both step transformers.

f) The purpose of voltage and system conversion in the north-west Pickering area is not to transfer expansion costs to existing ratepayers but rather to ensure that distribution system can safely, reliably, and economically accommodate forecasted load growth and electrification for all customers in this area. While capacity and growth are the primary drivers of investment in this area, converting from 8.32 kV to 27.6 kV offers improved operational benefits including improved system redundancy and interconnection, standardization of equipment and maintenance practices, and improved automation and switching capability to support faster restoration times. As highlighted in Figure 8 of the referenced exhibit (Exhibit 2B - Tab 4 - Schedule 3 - Appendix K, Page 23), the 8.32 kV system in Pickering experiences significantly higher outage durations (7.26 hours) compared to those on the 27.6 kV system (1.16 hours). The ongoing conversion to 27.6 kV infrastructure will improve reliability for all customers in this affected area.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-65

Facilities

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix L (Exhibit 2B Part 2, PDF pp. 510- 537)

Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix L-1 (Exhibit 2B Part 2, PDF pp. 538- 614)

Preamble: Elexicon Energy is forecasting a total investment of $14.77M over the 2027-2031 period in the Facilities program. The historical 2020-2024 program cost was $9.02M. Elexicon Energy states that forecasted costs are limited to those viewed as essential to maintaining the sound and serviceable condition of the buildings impacted.

Question(s):

a) Please update Tables 8 and 9 with 2025 actual expenditures.

b) Elexicon Energy states that it uses Cresa's estimates for Facility Storage and Warehouse costs as well as Office Renovations & Parking cost and escalates them by inflation and typical capital overheads to arrive at a new cost. Please confirm that Cresa includes a 15% contingency in its estimates or provide the contingency value used.

c) Please provide the Brown & Beattie Building Sciences building condition assessment report for the Elexicon Energy facilities.

d) Table 1 shows the planned repairs for the Ajax Facility over the 2027-2031 period. Please provide the costs for each of the specific repairs listed in Table 1.

e) Table 2 shows the planned repairs for the Whitby Facility over the 2027-2031 period. Please provide the costs for each of the specific repairs listed in Table 2.

f) Table 3 shows the planned repairs for the Beaverton Facility over the 2027-2031 period. Please provide the costs for each of the specific repairs listed in Table 3.

g) Table 4 shows the planned repairs for the Gravenhurst Facility over the 2027-2031 period. Please provide the costs for each of the specific repairs listed in Table 4.

h) Table 5 shows the planned repairs for the Bowmanville Facility over the 2027-2031 period. Please provide the costs for each of the specific repairs listed in Table 5.

i) Elexicon Energy states that it expects that the recommended repairs B&B identified in 2025 and 2026 will be deferred to 2027. What are the forecast building expenditures for 2025 and 2026 shown in Table 9 for?

RESPONSE:

a)

Table 1: Summary of Capital Expenditures

Year	Historical ($M)					Bridge ($M)		Forecast ($M)				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital	0.79	0.83	5.36	1.37	0.67	1.04	0.5	5.17	1.98	5.42	1.41	0.79
Total (Net)	0.79	0.83	5.36	1.37	0.67	1.04	0.5	5.17	1.98	5.42	1.41	0.79

Table 2: Budget Breakdown by Category (2020-2031)

Year	Historical ($M)					Bridge ($M)		Forecast ($M)				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Storage and Warehouse	0.08	0.05	0	0	0	0.10	0.05	1.64	0	0	0	0
Office Renovations	0.16	0.08	0.13	0.19	0.18	0.52	0.06	2.35	0	4.52	0	0
Building Condition Investments	0.55	0.70	5.23	1.18	0.49	0.42	0.39	1.18	1.98	0.9	1.41	0.79
Total	0.79	0.83	5.36	1.37	0.67	1.04	0.5	5.17	1.98	5.42	1.41	0.79

b) Confirmed, please see the Cresa Report, at pages 46-48, 54 of Exhibit 2B - Tab 4 - Schedule 3 - Appendix L-1 for Cresa's estimates and the contingency value used.

c) Please see the following attached Excel files for the Brown & Beattie Reports:

- 2-Staff-65(1)_Progress195 BCA Report April 21, 2025 (B&B),
- 2-Staff-65(2)_Highway2-2849, BCA Report, April 21, 2025 (B&B),

- 2-Staff-65(3)_Taunton55 BCA Report April 21, 2025 (B&B),
- 2-Staff-65(4)_Thorah1395 BCA Report April 21, 2025 (B&B),
- 2-Staff-65(5)_Taunton100, BCA Report, April 21, 2025 (B&B).

d) See the Brown & Beattie Report, provided as an attachment, for the Ajax Facility at pages 6-7 for the costs for each of the specific repairs listed in Table 1.

e) See the Brown & Beattie Report, provided as an attachment, for the Whitby Facility on page 6 regarding the costs for each of the specific repairs listed in Table 1.

f) See the Brown & Beattie Report, provided as an attachment, for the Beaverton Facility at page 5 for the costs for each of the specific repairs listed in Table 1.

g) See the Brown & Beattie Report, provided as an attachment, for the Gravenhurst Facility at page 5 for the costs for each of the specific repairs listed in Table 1.

h) See the Brown & Beattie Report, provided as an attachment, for the Bowmanville Facility at page 5 for the costs for each of the specific repairs listed in Table 1.

i) The forecasted building expenditures for 2025 include:

- Pickering Town Centre Substation roof replacement,
- Heat trace installation at Beaverton and Gravenhurst,
- Gate replacement at Whitby,
- Overhead doors at Beaverton,
- Control room configuration at Ajax,
- Office reconfiguration at Ajax (old control room),
- Security card readers at Ajax and Seaton MTS,
- Yard paving and racking,
- Office furniture and equipment.

The forecasted building expenditures for 2026 include:

- Locker/dryer room addition at Brock,
- Substation roof repairs,
- Block wall repairs and door replacements,
- Carpet replacements,
- Overhead door safety light installations at all facilities.

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
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BUILDING CONDITION ASSESSMENT REPORT

AT

Elexicon Energy Inc.
195 Progress Drive,
Gravenhurst, Ontario

PREPARED FOR:

Elexicon Energy Inc.

Devin Rolfe

DATE:
April 21, 2025

REFERENCE:

Ref. Progress195.bca/r

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588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

EXECUTIVE SUMMARY

The subject site is located at 195 Progress Drive in Gravenhurst and includes a single-story office building with a basement and a steel garage structure. The office building is understood to have been constructed in 1994. The office building is approximately 2,450 ft2 and the garage is approximately 6,000 ft2.

Elexicon Energy Inc. engaged Brown & Beattie Building Sciences with the intent to conduct a visual Building Condition Assessment of the subject Building using the best tools and equipment to assess the physical and structural soundness of the building.

Based on our review, the building appears to be in generally fair condition. We have listed the items in the table below with the recommended budgets and timings.

Short Term Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Recommendations:
Ventilation Improvements	$50,000	2028	Localized Ventilation Improvements on roof attics
Overhead Doors	$140,000	2028	Replacement of Overhead Doors

We understand the building has been periodically locally repaired since it was built. As such, the various building components remain in variable but mostly fair condition. Major repairs that are understood to have been completed within about the last 10 years include to:

- Replacement of office and garage roofs
- Renovation of the garage building's bathrooms
- Installation of backflow preventers for the domestic cold water

Based upon our review of the site, the condition and expected life of the various building systems, and our understanding of the building standards that you wish to maintain, we expect that the capital projects in the table below will be required within the 10-year timeframe of this report.

195 Progress Dr, Gravenhurst
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Annual Expected Costs		**-$45,000**			**-$200,000**	**-$25,000**	**-$45,000**		**-$40,000**	**-$30,000**	**-$40,000**	**-$80,000**
Item	Building Element											
	STRUCTURE:											
3.1	Building Structure											
3.2	Foundation Walls											
	ROOFS:											
3.3.1	Roof - Ventilation Improvements				$50,000							
3.3.2	Garage Roof Heat Tracing	$25,000										$25,000
	WALLS:											
3.4.1	Metal Siding											
3.4.2	Brick Masonry											
3.4.3	Sealants						$5,000					
3.4.4	Steel Garage Building				$10,000							
	WINDOWS AND DOORS:											
3.5.1	Windows						$25,000					
3.5.2	Overhead Doors				$140,000							
3.5.3	Exterior Metal & Glazed Entry Doors											
	INTERIOR FINISHES:											
3.6.1	Office Interior											
3.6.2	Bathroom Renovations	$20,000										$20,000
	SITE SERVICES:											
3.7.1	Asphalt Pavement											
3.7.2	Chain Link Fencing								$25,000			
3.7.3	Gated Entrances										$35,000	
3.7.4.a	Landscaping - General								$5,000			
3.7.4.b	Landscaping - Tree Maintenance					$25,000						
	MECHANICAL SYSTEMS:											
	FIRE SAFETY SYSTEMS											
3.8.1	Generator											
	HEATING/COOLING											
3.8.2	Office Furnace											$10,000
3.8.3	Garage Gas-Fired Heaters									$20,000		
3.8.4	A/C units									$10,000		
	SITE											
3.8.5	Sanitary System						$5,000					
3.8.6	Domestic Water Supply						$5,000					
3.8.7	Backflow Preventer											
	PLUMBING											
3.8.8	Replace Domestic Water Heaters								$10,000			
	ELECTRICAL SYSTEMS:											
	MAIN DISTRIBUTION											
3.9.1	Electrical System Allowance						$5,000					$5,000
	LIGHTING											
3.9.2	Site Lighting											
3.9.3	Pole Mounted Lighting											
	ANCILLARY											
3.9.4	Security System - CCTV Cameras											$20,000
3.9.5	Card Access Control System										$5,000	
	MISCELLANEOUS:											
3.10.1	AED Units											

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April 21, 2025 Ref. Progress195.bca/r

Elexicon Energy Inc.
55 Taunton Road East
Ajax, ON L1T 3V3

Attention: Devin Rolfe **drolfe@elexiconenergy.com**

Re: Elexicon Energy Inc.
195 Progress Drive, Gravenhurst
Building Condition Assessment Report

As requested, we have carried out an assessment of the building elements discussed herein at this address and have summarized our findings below. We understand an estimated cost of future capital projects related to maintaining specific building components in a sound and serviceable condition over a 10-year time frame is required. Our timings for recommended expenditures include specific years, as requested, however it should be appreciated the timing for the majority of projects is somewhat discretionary over a period of several years.

The following consultants carried out this investigation:

- Brown & Beattie Ltd. Structure, Building Envelope, Mechanical, Electrical, and Roofing

1.0 INTRODUCTION & BUILDING DESCRIPTION

The subject site is located at 195 Progress Drive in Gravenhurst and includes a single-story office building with a basement and a steel garage structure. The office building is understood to have been constructed in 1994. The office building is approximately 2,450 ft2 and the garage is approximately 6,000 ft2.

The office building is primarily clad in metal siding and brick. The garage structure is primarily clad in corrugated steel.

For the purposes of this report, it is assumed that Progress Drive runs east-west, with the building located on the north side of the street.

Our site investigation was carried out on March 26, 2025, and included a general review of the entire building and exterior area and a discussion with building staff.

We have not reviewed construction drawings or calculations, environmental or concealed conditions. This is not a full Code Compliance or Structural Assessment of the building, though we have provided comments on applicable codes where appropriate. Photographs included with this report were taken during our inspection.

Specifications should be prepared as part of any work detailed herein, including further destructive testing as considered necessary. Estimated costs contained within this report should be confirmed through competitive tendering.

2.0 LIMITATIONS

This investigation is designed to provide sufficient information to enable the selection of a suitable repair strategy, while trying to balance the cost of obtaining this information. It is likely that conditions not uncovered by this investigation exist which may affect the costs or effectiveness of the recommended repairs. This assessment is not meant to eliminate uncertainty regarding the potential for existing or future costs, hazards or losses. No destructive investigation or testing was carried out as part of this assignment.

Our recommendations are based on our experience and on generally accepted practice. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. Timeframes represent judgements based on apparent conditions and ultimate repair/replacements may vary from our estimates.

Our recommendations are based primarily on technical considerations. We would be pleased to review with you how the final course of action can also take into account your financial and operational requirements. In general, delay in effecting repairs potentially results in increased costs associated with progressive deterioration, and phasing the work will increase related mobilization costs. Of course, increasing initial repair extents and related costs reduces the later maintenance and repair costs.

Cost estimates presented in this report are based on estimated quantities and our experience with similar projects. They are meant as order of magnitude budget estimates only (in present Canadian dollars) and are subject to confirmation by competitive tendering and when the repairs are actually carried out. Cost estimates include HST and an allowance for engineering. We have not included costs associated with building modifications or interior upgrades.

The recommendations made in this report are based on the information available at this time. Should the associated restoration work reveal additional information, the recommendations may have to be revisited.

We have not reviewed structural calculations, concealed conditions, building signage, thermal scans, accessibility, specialized equipment, designated substance survey, FFE (furniture, fixtures and equipment) in our investigation.

This report should be read in its entirety.

A specification should be prepared for any of the work recommended herein to facilitate proper workmanship and material use and to obtain competitive bids from suitably qualified contractors. Competent site review should be carried out during the course of the remedial work to facilitate compliance with the specified requirements and as required to review previously unidentified conditions.

This report is intended for the named client. Use of this report by a third party or reliance on or decisions made based on it, is the responsibility of such third parties.

3.0 BUILDING OBSERVATIONS, ASSESSMENTS AND CONCLUSIONS

3.1 Buildings Structure:

The office building is a conventional wood-framed structure. There is a concrete block foundation. Within the basement area, the former document vault has been fire-rated with corrugated steel deck concrete topping. The basement floor structure consists of a poured concrete pad.

The garage building structure consists predominantly of conventional steel framing, including steel columns, beams and open-webbed steel joists. The floor structure consists of a poured concrete pad.

None of the structural elements are exposed to the exterior, and thus progressive deterioration is not expected within study periods, unless the interior is used for purposes that exceed building design loads or conditions, which is beyond the mandate of this report to assess.

Significant expenditures related to the internal building structure are not anticipated within the timeframe of this report, beyond regular maintenance.

3.2 Foundation Walls:

3.2.1 Concrete Block Foundation Walls:

The majority of the concrete block foundation walls and concrete footings below the building are concealed from review. Some environmental staining was noted near the ATS in the basement of the office building. Noted evidence of leakage was reported to have been previously repaired and not currently active.

Waterproofing and/or perimeter drainage systems may eventually require attention, though beyond the timeframe of this report.

3.3 Roofing:

3.3.1 Office Building Roofing:

3.3.1.a Description & Assessment:

The office building includes a sloped roof covered with asphalt shingles, while the central area reportedly includes a section with a TPO roofing system. It is our understanding that roof replacements were recently completed in 2023. During the inspection, the roof was predominantly covered with snow.

Several areas of ice damning were noted around the perimeter of the building. There appears to be insufficient ventilation within the roof areas. The prefinished aluminum soffits within the wooden raked soffits appear to be insufficient for proper ventilation.

3.3.1.b Recommendation:

Replacement of the roofing systems is not expected to be completed within the timeline of the report.

We have provided allowances for improvements to the ventilation within the attic areas to minimize potential ice damming and other potential issues.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Ventilation Improvements	$50,000	2028	Localized Improvements

3.3.2 Garage Building Roofing:

3.3.2.a Description & Assessment:

The sloped roof is covered with a commercial galvanized metal roofing system. We understand that roofing replacements were recently completed in 2023. The roof appeared to be in generally fair condition.

It is understood that there are plans to install heat tracing on the garage roof in the near future.

3.3.2.b Recommendation:

Replacement of the roofing system is not expected within the timeline of the report.

We have provided allowances for localized repairs and replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Heat Tracing	$25,000	2025	New installation

3.4 Exterior Walls

3.4.1 Metal Siding:

3.4.1.a Description & Assessment:

There is metal siding at a portion of the exterior walls of the office building. The siding is in generally fair condition.

3.4.1.b Recommendation:

Replacement of this item is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Metal Siding	N/A	N/A	

3.4.2 Brick Masonry:

3.4.2.a Description & Assessment:

There is a portion of the exterior walls of the office building that includes brick

masonry walls. The brick and masonry joints appeared to be in generally fair condition.

3.4.2.b Recommendation:

Repairs to these areas are not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Brick Masonry	N/A	N/A	

3.4.3 Exterior Caulking:

3.4.3.a Description & Assessment:

Exterior sealants were noted to be not installed around the perimeter of the exterior window and door frames. No leakage was noted or reported.

3.4.3.b Recommendation:

We recommend that the general replacement be completed in conjunction with the window replacement project below.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sealant Replacement	$5,000	2030	Replacement Allowance

3.4.4 Steel Garage Building Walls:

3.4.4.a Description & Assessment:

The garage building structure features a steel post and beam design, accompanied by an open-webbed steel ceiling and corrugated steel walls.

The building appears to be in generally fair condition, with some localized damage noted around the garage door entrances.

3.4.4.b Recommendation:

We have budgeted for localized repairs near the garage door openings.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Steel Building	$ 10,000	2028	Localized Repairs

3.5 Windows & Doors

3.5.1 Windows:

3.5.1.a Description & Assessment:

The windows are wood frames with a combination of fixed and operable double-glazed units.

Based on the age of the window systems, it is unlikely, in our experience, that the window assemblies include 'interior' or 'sub-sill' membrane flashings, as in our experience is considered good practice to avoid deterioration of framing and wall components and damage to finishes should failure of the windows integral seals occur (as has evidently occurred as discussed elsewhere in this report). Further intrusive investigation and destructive testing would need to be carried out to confirm the presence or absence of concealed components.

The windows appear to be in generally fair to poor condition.

3.5.1.b Recommendation:

We have budgeted for the replacement of the windows as they near the end of their life cycle.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Windows	$25,000	2030	Replacement

3.5.2 Overhead Doors:

3.5.2.a Description & Assessment:

There are five overhead doors at the garage building. The overhead doors appeared to be in generally poor to fair condition, with some impact damage noted.

3.5.3.b Recommendation:

We have budgeted for the replacement of the remaining doors.

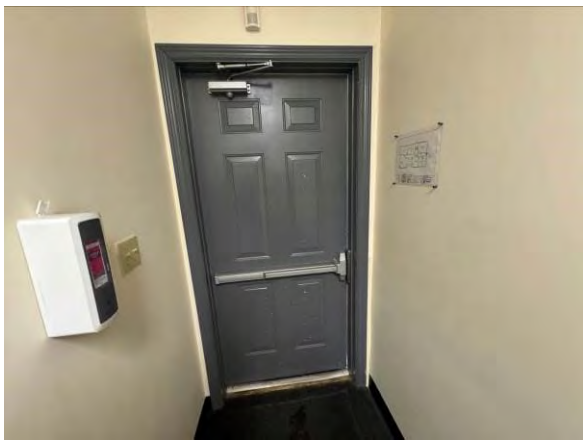
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door	$140,000	2028	Replacement

3.5.3 Exterior Metal & Glazed Entry Doors:

3.5.3.a Description & Assessment:

There are metal and glazed entry doors located around the perimeter of the building. These doors are in fair condition and can often last the life of the building with regular maintenance.



3.5.3.b Recommendation:

Replacement of these items is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exterior Metal & Glazed Entry Doors	N/A	N/A	

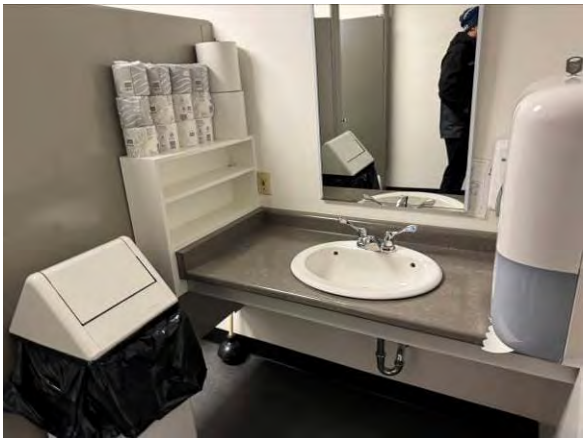
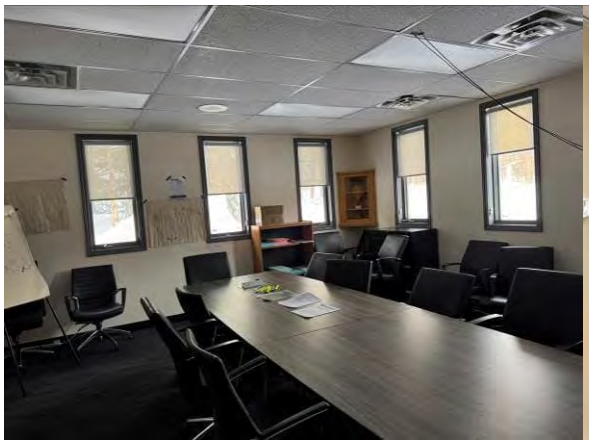
3.6 Interior Finishes

Where reviewed, the various interior finishes remain in fair condition at this time. Interior finishes are generally considered to be discretionary items and are not related to the overall performance of the building from a technical standpoint.

3.6.1 Office Interior:

3.6.1.a Description & Assessment:

The office portion of the building includes an office, boardroom, kitchen, washrooms and server room. The general interior spaces appeared to be in fair condition.

3.6.1.b Recommendation:

The repairs or replacements within these areas are not expected to be completed within the timeline of the report.

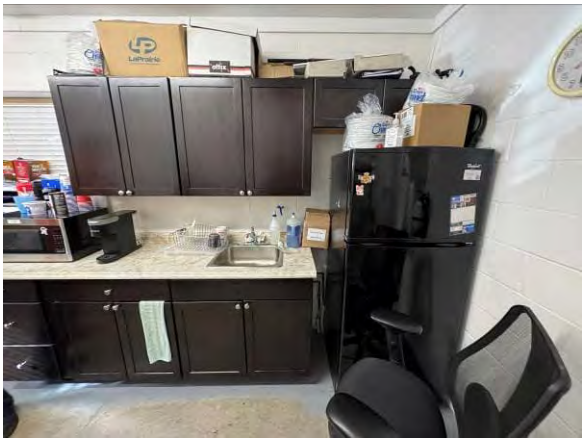
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Office Interior	N/A	N/A	

3.6.2 Steel Garage Interior:

3.6.2.a Description & Assessment:

The garage includes a small office area with a kitchenette, storage rooms, and two washrooms with showers. The office and kitchenette areas were in fair condition.



The washroom areas were noted to have been recently updated. Damage within the shower area is reportedly due to recent roof leakage.

3.6.2.b Recommendation:

Repairs to the office and bathroom areas are not anticipated within the timeframe of the reports.

We have budgeted for localized repairs to both shower areas.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Bathroom Renovations	$20,000	2025	General Renovations

3.7 Site Finishes

The site includes a variety of “hard” and “soft” landscaping features. Hard features would include pavements, site walls, etc., while soft features refer more to landscaping, gardens and leisure areas such as the barbecue area.

3.7.1 Asphalt Pavement:

3.7.1.a Description & Assessment:

The asphalt pavement is located throughout the storage area and parking areas of the property. The asphalt was snow-covered during our site review. It is understood to have been replaced in the last 8 years. The asphalt appeared to be in fair condition, where reviewed.

3.7.1.b Recommendation:

The repairs and replacement of the asphalt are not expected to be completed within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Asphalt Pavement	N/A	N/A	

3.7.2 Chain-link Fencing:

3.7.2.a Description & Assessment:

A chain-link fence encloses the steel garage structure and rear storage areas. Access to this fenced-off area is through [redacted]. The fence appeared to be in fair condition.

3.7.2.b Recommendation:

We have budgeted for localized repairs as required.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Chain-Link Fencing	$25,000	2032	Localized Replacements

3.7.3 Gated Entrances:

3.7.3.a Description & Assessment:

[redacted]

The gate appeared to be operating in fair condition.

3.7.3.b Recommendation:

We have budgeted for future replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gated Entrance	$ 35,000	2034	General Replacement

3.7.4 Softscape Landscaping:

3.7.4.a Description & Assessment:

The general softscape areas appear to be well-maintained, and no areas of ponding or erosion were observed.

3.7.4.b Recommendation:

We have budgeted for localized grading, landscaping and periodic tree maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Landscaping - General	$ 5,000	2032	Periodic Allowance
Landscaping - Tree Maintenance	$ 25,000	2029	Periodic Allowance

3.8 Mechanical Systems

Fire Safety Systems

3.8.1 Generator:

3.8.1.a Description & Assessment:

Emergency power is supplied by a natural gas emergency generator located at the northwest corner of the rear storage area. The generator tag was not accessible, the generator is reported to be in operational condition.

The automatic transfer switch (ATS) is located within the basement of the office building adjacent to the main disconnect.

3.8.1.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Generator	N/A	N/A	

Heating/Cooling

3.8.2 Furnace:

3.8.2.a Description & Assessment:

The heating for each building is completed by a natural gas-fired furnace. The York furnace within the office building is understood to have been installed in

2000. The furnace is understood to be in fair operational condition, based on the on-site maintenance information.

The Coleman furnace within the garage is understood to have been installed in 2012. The furnace is understood to be in fair operational condition, based on the on-site maintenance information.

3.8.2.b Recommendation:

Replacement of the garage furnace system is not expected to be completed within the timelines outlined in this report.

We have budgeted for the future replacement of the furnace at the office building.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Office Furnace	$10,000	2035	General Replacement

3.8.3 Garage Gas-Fired Heaters:

3.8.3.a Description & Assessment:

There are two ceiling-mounted gas fire heaters within the garage and mechanic bay, each rated at 150,000 BTU. The gas heaters appeared to be in fair condition.

3.8.3.b Recommendation:

Budgets for the replacement of the heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gas-Fired Heaters	$20,000	2033	General Replacement

3.8.4 A/C Units:

3.8.4.a Description & Assessment:

There is a Coleman A/C unit serving the office building. Based on the serial number, the unit was replaced in 2017. We understand that the system is currently functioning without any issues.

There is a Guardian A/C unit serving the steel garage building. Based on the serial number, the unit was replaced in 2012. We understand that the system is currently functioning without any issues.

There is a Samsung unit dedicated to the server room. The unit was manufactured in 2022, and no issues have been reported to date.

3.8.4.b Recommendation:

Replacement of the office and server A/C systems are not expected to be completed within the timelines outlined in this report.

We have budgeted for the future replacement of the A/C at the steel garage building.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A/C Unit	$10,000	2033	General Replacement

Site

3.8.5 Sanitary System:

3.8.5.a Description & Assessment:

The property is serviced by an in-ground septic system. The tanks are reportedly located to the north of the office building. It is understood that the tanks were recently serviced and no issues were reported.

3.8.5.b Recommendation:

With a regular maintenance program being completed. Significant repairs of the system are not anticipated within the timeframe of this report.

We have provided allowances for localized repairs to the pump and septic structure, on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sanitary System	$5,000	2030	Periodic Localized Repairs

3.8.6 Domestic Water Supply:

3.8.6.a Description & Assessment:

The domestic water supply and pipes appear to be functional with no reported issues.

3.8.6.b Recommendation:

We do not anticipate any significant repairs within the timeframe of this report.

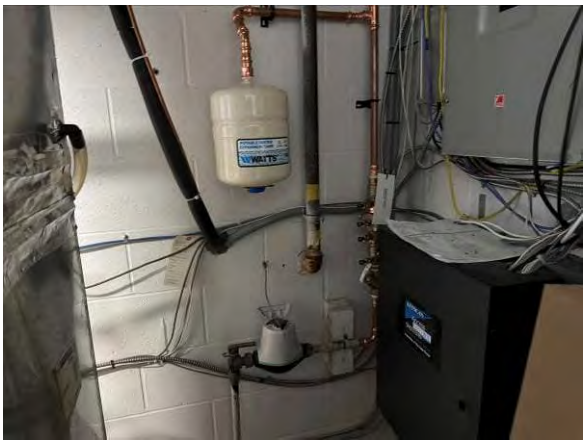
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Supply	$5,000	2030	Periodic Localized Repairs

3.8.7 Backflow Preventer:

3.8.7.a Description & Assessment:

There are 3/4-inch backflow preventers, DCVA, located adjacent to the domestic hot water tanks in each building. The service tag indicated installation in 2025, and no current issues.



3.8.7.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Backflow Preventer	N/A	N/A	

Plumbing

3.8.8 Domestic Hot Water Heaters:

3.8.8.a Description & Assessment:

There are two domestic hot water tanks, one for each building. It is understood that the heaters are operating in fair condition.

3.8.8.b Recommendation:

We have budgeted for the general replacement of the water heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Hot Water Heater	$10,000	2032	General Replacement

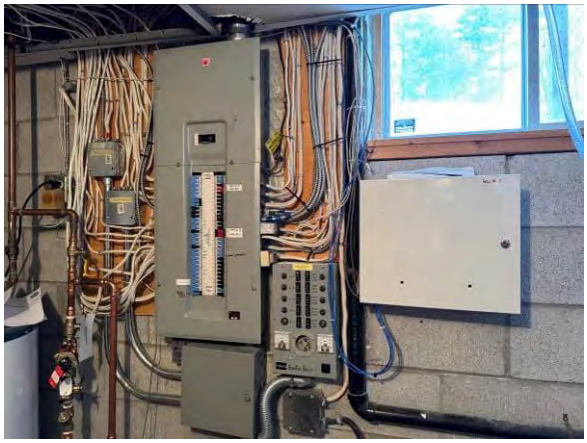
3.9 Electrical Systems

Main Distribution

3.9.1 Electrical System Allowance

3.9.1.a Description & Assessment:

The electrical system generally appears to be in fair condition with no reported issues.



3.9.1.b Recommendation:

We have provided an allowance for the periodic replacement of electrical components, such as distribution panels, disconnect switches, splitters, and bus bars. Further, includes an allowance for the hydro connection to the building.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electrical System Allowance	$5,000	2030	Periodic Repairs

Lighting

3.9.2 Site Lighting:

3.9.2.a Description & Assessment:

There are a few wall-mounted site lighting fixtures. They appeared to be in fair condition.

3.9.2.b Recommendation:

Replacement is assumed to occur on an as-needed basis from operating budgets.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Site Lighting	N/A	N/A	

3.9.3 Pole Mounted Lighting:

3.9.3.a Description & Assessment:

There are pole-mounted LED fixtures within the parking and rear storage areas. The lights appear to be functional.

3.9.3.b Recommendation:

Replacement is not anticipated within the timeframes of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Pole Mounted Lighting	N/A	N/A	

Ancillary

3.9.4 CCTV Cameras:

3.9.4.a Description & Assessment:

CCTV cameras appear to be in fair condition. [redacted].

3.9.4.b Recommendation:

We have budgeted for the replacement of the cameras and head system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CCTV Cameras	$20,000	2035	General Replacements

3.9.5 Card Access Control System:

3.9.5.a Description & Assessment:

It is understood that [redacted] We understand that it is currently operating normally.

3.9.5.b Recommendation:

We have budgeted for future upgrades and localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Card Access Control Systems	$5,000	2034	General Replacements

3.10 Miscellaneous

3.10.1 AED Units:

3.10.1.a Description & Assessment:

There is an AED mounted within the office building. Due to the nature of the

devices, they must be replaced on a regular schedule.

3.10.1.b Recommendation:

We have assumed that replacements will be completed on an as-needed basis, using funds from the Operating Budgets.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
AED Units	N/A	N/A	

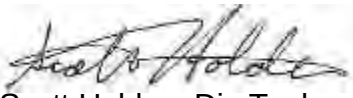
4.0 COST SUMMARY

The table presented at the beginning of this report is a summary of the costs presented in this report. These costs are based on estimated quantities and/or our experience with similar projects. They are meant as an order of magnitude budget estimates only and are subject to confirmation by competitive tendering and when the repairs are actually carried out. All numbers are shown in 2025 dollars.

Should you wish to review matters further, please let us know.

Yours truly,
BROWN & BEATTIE LTD.

Manoj Ramakrishnan, CVT, EIT



Scott Holden, Dip.Tech.

Allan Au-Duong, P.Eng.

Please note *this report was based on a visual assessment of the accessible areas only. Unless noted specifically, no intrusive or destructive testing was completed during this assessment. Technical specifications should be prepared for any work decided upon as a result of this report. The material in this report reflects best judgement in light of the information available and does not imply fitness for a particular purpose and should not be considered a verification of past or present regulations. Brown & Beattie Ltd. cannot be held responsible for any deficiencies that may be found within inaccessible areas by others, which have not been documented in this report. Copies of this report are subject to authentication from the writer. Brown & Beattie Ltd. accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. Use of this report or any other aspect of our service is not authorized until and unless our account is paid in full and on time.*

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

BUILDING CONDITION ASSESSMENT REPORT

AT

Elexicon Energy Inc.

2849 Durham Regional Highway 2, Bowmanville, Ontario

PREPARED FOR:

Elexicon Energy Inc.
and
Devin Rolfe

DATE:
April 21, 2025

REFERENCE:

Ref. Highway2-2849.bca/r

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588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
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EXECUTIVE SUMMARY

The subject site is located at 2849 Durham Regional Highway 2 in Bowmanville and includes a single storey complex. There is a partial second floor containing some storage. The building has a footprint of approximately 11,200 ft2. The complex is understood to have been constructed around 1985.

Elexicon Energy Inc. engaged Brown & Beattie Building Sciences with the intent to conduct Visual Building Condition Assessment of the subject Building using the best tools and equipment to assess the physical and structural soundness of the building.

Based on our review, the building appears to be in generally fair condition with some noted issues. We have listed the items in the table below with the recommended budgets and timings.

Short Term Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Recommendations:
Roof Top Units	$80,000	2030	Replacement of one roof top unit
Main Roof	$410,000	2034	Replacement
Interior Finishes	$350,000	2034	Refurbishment of interior Finishes
Overhead Doors	$90,000	2034	Replacement of Overhead Doors
Fire Alarm System	$100,000	2034	Replacement of fire panel and wiring and devices

We understand the building has been periodically locally repaired since it was built. As such, the various building components remain in variable but mostly fair condition. Major repairs that are understood to have been completed within about the last 10 years include to:

- Refurbishment of interior finishes
- Installation of cold-water piping and backflow preventer

Based upon our review of the site, the condition and expected life of the various building systems, and our understanding of the building standards that you wish to maintain, we expect that the capital projects in the table below will be required within the 10-year timeframe of this report.

2849 Hwy 2, Bowmanville
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Annual Expected Costs			**-$52,500**	**-$5,000**	**-$49,500**	**-$30,000**	**-$182,500**	**-$205,000**	**-$22,500**	**-$40,000**	**-$1,152,500**	**-$15,000**
Item	Building Element											
	STRUCTURE:											
3.2.1	Concrete Block Foundation Walls		$10,000									
	ROOFS:											
3.3.1	Flat Roofing - TPO - Original Office										$410,000	
3.3.2	Roof Maintenance/Investigation		$7,500		$7,500		$7,500		$7,500		$7,500	
	WALLS:											
3.4.1	Concrete Block Masonry					$5,000					$5,000	
3.4.2	Metal Cladding											
3.4.3	Caulking											
	WINDOWS AND DOORS:											
3.5.1	Windows							$130,000				
3.5.2	Metal Entry Doors											
3.5.3	Front Entrance Doors							$30,000				
3.5.4	Overhead Doors										$90,000	
3.5.5	Interior Entry Doors											
3.5.6	Automatic Door Openers				$12,000							
	INTERIOR FINISHES:											
3.6.1	Carpeting										$175,000	
3.6.2	Wall & Ceiling Finishes										$75,000	
3.6.3	Washrooms										$50,000	
3.6.4	Kitchen & Cafeteria										$50,000	
	SITE SERVICES:											
3.7.1	Interim Asphalt Pavement Repairs		$10,000					$10,000				
3.7.2	Concrete Unit Paved Walkways				$10,000					$10,000		
3.7.3	Chain Link Fencing										$15,000	
3.7.4	Gate Entrances										$70,000	
3.7.5	Steel Quonset				$10,000							
3.7.6	Softscape Landscaping								$10,000			
	MECHANICAL SYSTEMS:											
	FIRE SAFETY											
3.8.1	Overhaul Generator						$30,000					
3.8.1	Replace Transfer Switch										$50,000	
3.8.2	Replace Fire Alarm Panel										$50,000	
3.8.2	Replace Fire Alarm System (Wiring and Devices)										$50,000	
3.8.2	Replace Fire Alarm System - Repairs				$10,000					$10,000		
3.8.3	Suppression System Repair											
	VENTILATION											
3.8.4	Rooftop Units						$80,000					
3.8.5	Gas-Fired Heaters		$25,000									
3.8.6	A/C Units					$15,000					$15,000	
	MISCELLANEOUS UNITS											
3.8.7	Supplemental Heaters			$5,000					$5,000			
	DISTRIBUTION											
3.8.8	Expansion Tank											
	SITE											
3.8.9	Storm & Sanitary Connection and Drainage											
3.8.10	Domestic Water Supply											
3.8.11	Backflow Preventer											
	PLUMBING											
3.8.12	Replace Domestic Water Heaters									$10,000		
3.8.13	Replace Domestic Water Piping & Fittings					$10,000					$10,000	
3.8.14	Reverse Osmosis Filtration											
	ELECTRICAL SYSTEMS:											
	MAIN DISTRIBUTION											
3.9.1	Electrical System Allowance						$15,000					$15,000
3.9.2	Uninterruptable Power Supplies						$50,000					
	LIGHTING											
3.9.3	Interior Lighting											
3.9.4	Site Lighting - Fixtures							$10,000				
	ANCILLARY											
3.9.5	Security System - CCTV Cameras										$30,000	
3.9.6	Card Access Control System							$25,000				
	MISCELLANEOUS:											
3.10.1	EV Charger									$10,000		

Brown&Beattie
BUILDING SCIENCE ENGINEERING

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

April 21, 2025 Ref. Highway2-2849.bca/r

Elexicon Energy Inc.
2849 Durham Regional Highway 2,
Bowmanville

Attention: Devin Rolfe **drolfe@elexiconenergy.com**

Re: Elexicon Energy Inc.
2849 Durham Regional Highway 2, Bowmanville
Building Condition Assessment Report

As requested, we have carried out an assessment of the building elements discussed herein at this address and have summarized our findings below. We understand an estimated cost of future capital projects related to maintaining specific building components in a sound and serviceable condition over a 10-year time frame is required. Items with an estimated cost of less than $5,000 are below the threshold of this report and are not addressed.

The following consultants carried out this investigation:

- Brown & Beattie Ltd. Structure, Building Envelope, Mechanical, Electrical, and Roofing

1.0 INTRODUCTION & BUILDING DESCRIPTION

The subject site is located at 2849 Durham Regional Highway 2 in Bowmanville and includes a single storey complex. There is a mezzanine floor containing some storage, and hot water tank. The building has a footprint of approximately 11,200 ft2. The complex is understood to have been constructed around 1985.

The building is clad primarily in concrete block masonry.

The site includes a rear storage with an outbuilding.

For the purposes of this report, it is assumed that Highway 2 runs east-west with the building located on the south side of the street, front facing east.

Our site investigation was carried out on March 27, 2025, and included a general review of the entire building and exterior area and a discussion with building staff.

We have not reviewed construction drawings or calculations, environmental or concealed conditions. This is not a full Code Compliance or Structural Assessment of the building, though we have provided comments on applicable codes where appropriate. Photographs included with this report were taken during our inspection.

Specifications should be prepared as part of any work detailed herein, including further destructive testing as considered necessary. Estimated costs contained within this report should be confirmed through competitive tendering.

2.0 LIMITATIONS

This investigation is designed to provide sufficient information to enable the selection of a suitable repair strategy, while trying to balance the cost of obtaining this information. It is likely that conditions not uncovered by this investigation exist which may affect the costs or effectiveness of the recommended repairs. This assessment is not meant to eliminate uncertainty regarding the potential for existing or future costs, hazards or losses. No destructive investigation or testing was carried out as part of this assignment.

Our recommendations are based on our experience and on generally accepted practice. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. Timeframes represent judgements based on apparent conditions and ultimate repair/replacements may vary from our estimates.

Our recommendations are based primarily on technical considerations. We would be pleased to review with you how the final course of action can also take into account your financial and operational requirements. In general, delay in

effecting repairs potentially results in increased costs associated with progressive deterioration, and phasing the work will increase related mobilization costs. Of course, increasing initial repair extents and related costs reduces the later maintenance and repair costs.

The cost estimates presented in this report are based on estimated quantities and our experience with similar projects. They are meant as order of magnitude budget estimates only (in present Canadian dollars) and are subject to confirmation by competitive tendering and when the repairs are actually carried out. Cost estimates include HST and an allowance for engineering. We have not included costs associated with building modifications or interior upgrades.

The recommendations made in this report are based on the information available at this time. Should the associated restoration work reveal additional information, the recommendations may have to be revisited.

We have not reviewed structural calculations, concealed conditions, building signage, thermal scans, accessibility, specialized equipment, designated substance survey, FFE (furniture, fixtures and equipment) in our investigation.

This report should be read in its entirety.

A specification should be prepared for any of the work recommended herein to facilitate proper workmanship and material use and to obtain competitive bids from suitably qualified contractors. Competent site review should be carried out during the course of the remedial work to facilitate compliance with the specified requirements and as required to review previously unidentified conditions.

This report is exclusively intended for the named client. Any third-party use of this report or reliance on it, as well as any decisions made based on it, are the sole responsibility of such third parties.

3.0 OBSERVATIONS, ASSESSMENTS AND CONCLUSIONS

3.1 Building Structure:

The main building structure consists predominantly of conventional steel framing, including steel columns, beams and open-webbed steel joists. The floor structure is assumed to consist of poured concrete floor slab.

None of the structural elements are exposed to the exterior, and thus progressive deterioration is not expected within study periods, unless the interior is used for purposes that exceed building design loads or conditions, which is beyond the mandate of this report to assess.

Significant expenditures related to the internal building structure is not anticipated within the timeframe of this report, beyond regular maintenance.

3.2 Foundation Walls:

3.2.1 Concrete Block Foundation Walls:

3.2.1.a Description & Assessment:

The foundation walls of the building appear to be concrete block construction. The foundation walls did not appear to be parged.

3.2.1.b Recommendation:

We recommend installing parging along the exposed areas of the foundation to help minimize deterioration of the concrete block foundation walls.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Block Foundation Walls	$10,000	2026	Parging

3.3 Roofing:

3.3.1 Main Building Roofing:

3.3.1.a Description:

The flat roofing on each section of the building consists of a TPO (Thermoplastic Polyolefin) system. It is understood that the original building's roof was replaced approximately 10 years ago.

The nature of single-ply roofing systems is that they are highly dependent upon good workmanship and good installation details since any deficiencies in the membrane installation can result in leakage. Other commonly used roofing systems can include multiple layers of roofing material (including the 4-ply built-up roofing), which, in our experience, provides greater inherent redundancy than single-ply systems. This lack of redundancy also increases the risk of mechanical damage.

There were some areas of ponding noted on both the upper and lower roof. The drains were clogged with debris which should be periodically cleaned to help minimize ponding.

3.3.1.b Assessment:

Overall, our review of the roof found it to be in generally fair condition and in a condition commensurate with its age. We recommend planning for replacement in approximately 10 years with interim localized repairs to address any leakage. It should be appreciated that the existing insulation may be able to be reused at the time of a roofing replacement, if not excessively water damaged from leakage. In our replacement budgets, we have carried for localized replacement of the insulation.

3.3.1.c Recommendation:

We have budgeted for the replacement of the roofing system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Main Roof	$410,000	2034	General Replacement
Roof Repairs	$7,500	2026	Localized Repairs

3.4 Exterior Walls

The exterior walls of the building are primarily clad in concrete block masonry. Other less predominant wall cladding components at the building include metal cladding which are generally located below windows.

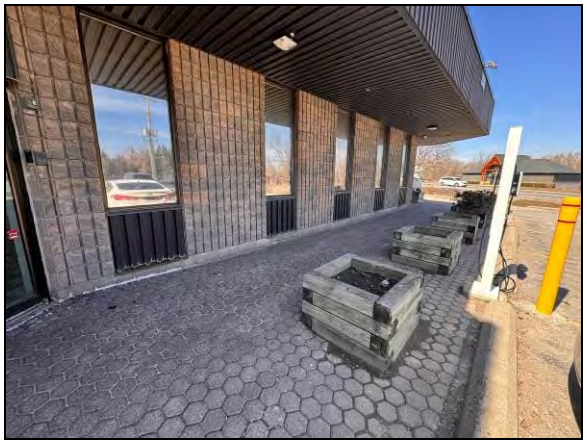
Exterior sealants are currently located at building joints and around exterior window and door frames.

We are not aware of significant previous exterior cladding repairs / replacement being completed at the site.

3.4.1 Concrete Block Masonry:

3.4.1.a Description & Assessment:

Concrete block masonry is located at exterior walls. Masonry appeared to be in fair condition.



3.4.1.b Recommendation:

We have provided allowances for localized repairs to the concrete block masonry.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Block Masonry	$5,000	2029	Localized repairs

3.4.2 Metal Cladding:

3.4.2.a Description & Assessment:

There is metal cladding at the bottom of the windows. It appears to be in fair condition, with rusting along the bottom in several areas. Metal cladding close to the grade can suffer accelerated, moisture-related, and salt-related deterioration.

3.4.2.b Recommendation:

We have provided budgets for the replacement of the metal cladding within the window replacement project and not budgeted separately.

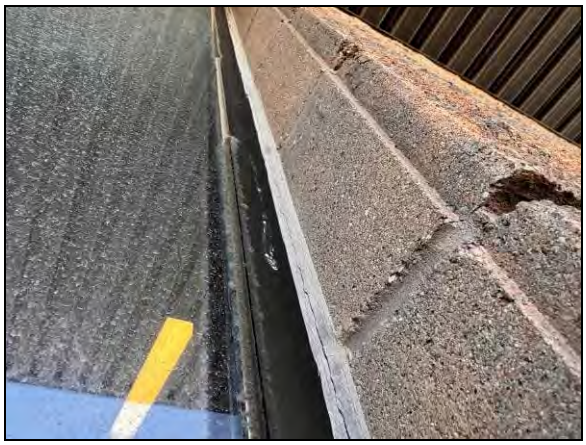
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Metal Cladding	N/A	N/A	Replacement is budgeted within the window replacement

3.4.3 Exterior Caulking:

3.4.3.a Description & Assessment:

Exterior sealants (caulking) are currently located around exterior window and door frames, between masonry and other building joints. The exterior sealants are generally rigid and in poor condition with many split areas noted.



3.4.3.b Recommendation:

We recommend that the general replacement be completed in conjunction with the window replacement project.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
General Sealant Replacement	N/A	N/A	Replacement is budgeted within the window replacement

3.5 Windows & Doors

3.5.1 Windows:

3.5.1.a Description & Assessment:

The windows include aluminum frames with double-glazed fixed types that we understand were original to the building.

Based on the age of the window systems, it is unlikely, in our experience, that the window assemblies include ‘interior’ or ‘sub-sill’ membrane flashings, as in our experience is considered good practice to avoid deterioration of framing and wall components and damage to finishes should failure of the windows integral seals occur (as has evidently occurred as discussed elsewhere in this report). Further intrusive investigation and destructive testing need to be carried out to confirm the presence or absence of concealed components.

The windows appear to be in poor to fair condition.

3.5.1.b Recommendation:

We have budgeted for the general replacement of the windows.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Windows	$130,000	2031	Window Replacement

3.5.2 Metal Entry Doors:

3.5.2.a Description & Assessment:

There are a few metal entry doors located around the perimeter of the building. These doors are in fair condition.

3.5.2.b Recommendation:

These doors can often last the life of the building with regular maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Metal Entry Doors	N/A	N/A	

3.5.3 Front Entrance Doors:

3.5.3.a Description & Assessment:

There are 2 double entry doors servicing the front entrance of the building. These doors remain in fair condition.

3.5.3.b Recommendation:

We have budgeted for the replacement of these doors in conjunction with the window replacement project.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Front Entrance Vestibule	$30,000	2031	Replacement of front entrance doors

3.5.4 Overhead Doors:

3.5.4.a Description & Assessment:

There are two overhead doors at the south side of the complex. The overhead doors appeared to be in generally fair condition.

3.5.4.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door	$90,000	2034	Replacement

3.5.5 Interior Entry Doors:

3.5.5.a Description & Assessment:

There are several metal and glazed entry doors to the office areas, washrooms, mechanical and electrical rooms. These doors are in fair condition and can often last the life of the building with regular maintenance.

3.5.5.b Recommendation:

Partial replacement is budgeted within the interior finishes and need not be budgeted separately.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Entry Doors	N/A	N/A	

3.5.6 Automatic Door Openers:

3.5.6.a Description & Assessment:

There are a few automatic door openers at the in the, which appeared to be in varying condition. We understand one of the automatic door operator was recently replaced with a wave to open button.

3.5.6.b Recommendation:

We have budgeted for the partial replacement.

<u>Recommended Budgets / Timings</u>:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Automatic Door Operators	$12,000	2028	Partial Replacement

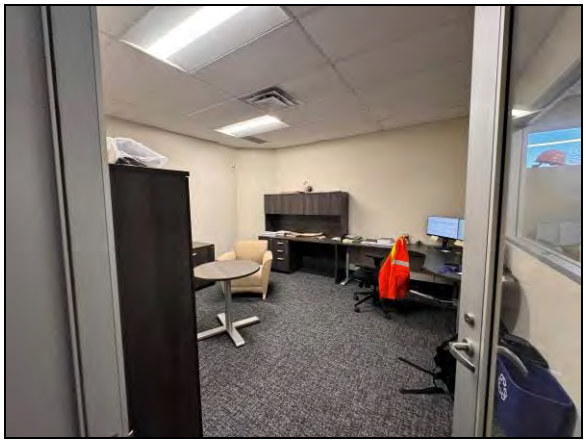
3.6 Interior Finishes

Where reviewed, the various interior finishes remain in fair condition at this time. Interior finishes are generally considered to be discretionary items and are not related to the overall performance of the building from a technical standpoint.

3.6.1 Building Carpeting:

3.6.1.a Description & Assessment:

Carpet and flooring appear to be in fair condition. We understand carpets were previously replaced in approximately 2020.



3.6.1.b Recommendation:

We have included an allowance for the replacement of corridor carpeting.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Building Carpeting	$ 175,000	2034	Replacement of the Flooring

3.6.2 Corridor Wall & Ceiling Finishes:

3.6.2.a Description & Assessment:

The building ceiling primarily consisted of drop tile panels and painted open steel webs. The walls were painted throughout the building. The finishes appear to be in fair condition.

3.6.2.b Recommendation:

We have included an allowance for the replacement of corridor wall & ceiling finishes.

Recommended Budgets / Timings:

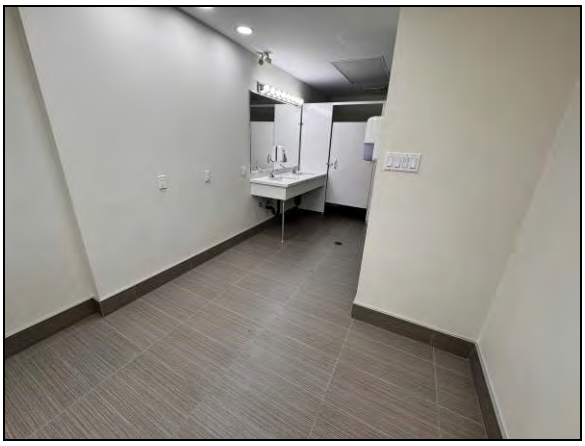
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Wall & Ceiling Finishes	$75,000	2034	Refurbishment of the Finishes

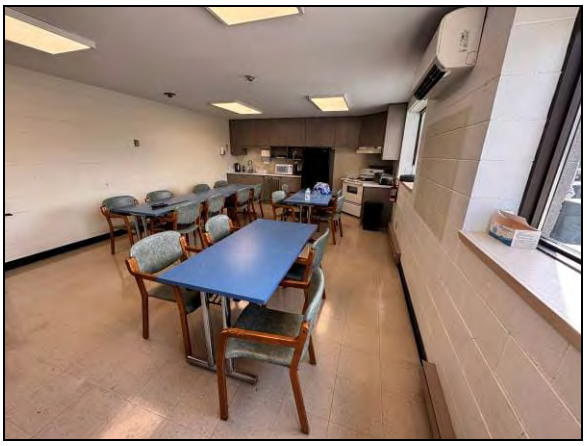
3.6.3 Common Area Finishes:

Other common areas include:

- Washrooms
- Kitchen
- Cafetaria

We understand major refurbishment was completed in 2020 previously. We have included an allowance for the refurbishment of these common area finishes.





Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Washrooms	$50,000	2034	Refurbishment
Kitchen & Cafeteria	$50,000	2034	Refurbishment

3.7 Site Finishes

The site includes a variety of “hard” and “soft” landscaping features. Hard features

would include pavements, site walls, etc., while soft features refer more to landscaping, gardens and leisure areas such as the barbecue area.

3.7.1 Asphalt Pavement:

3.7.1.a Description & Assessment:

The asphalt pavement is located at the general parking areas around the perimeter of the building and the rear storage area of the complex.

The parking area appears to be in generally fair condition with minimal deterioration like cracking noted.

3.7.1.b Recommendation:

We do not anticipate the replacement of the asphalt pavement. While localized repairs to the asphalt can be completed in the near term.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Asphalt Pavement – Localized Repairs	$10,000	2026	Periodic Allowances

3.7.2 Concrete Unit Paving Walkways:

3.7.2.a Description & Assessment:

There is a concrete unit paved walkways at the front entrance of the complex. The walkways appeared to be in fair condition, with minimal settlement noted.

3.7.2.b Recommendation:

We have budgeted for the major repairs to the concrete unit paved walkways.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Walkway	$10,000	2028	Periodic Allowances

3.7.3 Chain Link Fencing:

3.7.3.a Description & Assessment:

A 6ft high chain-link fence encloses the rear area of the property. The fencing appeared to be in fair condition.

3.7.3.b Recommendation:

We have budgeted for periodic repairs.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Chain Link Fencing	$15,000	2034	Periodic Repair Allowance

3.7.4 Gated Entrances:

3.7.4.a Description & Assessment:

There are [redacted]. The gates appeared to be operating in fair condition.

3.7.4.b Recommendation:

We have budgeted for future replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gate Entrance	$ 70,000	2034	General Replacement

3.7.5 Steel Quonset Outbuilding:

3.7.5.a Description & Assessment:

There is a steel Quonset building in the rear storage area of the property. We understand this was installed approximately around 2012. The building appears to be in generally fair condition. There was some noted deterioration along the base of the structure.

3.7.5.b Recommendation:

We have budgeted for localized repairs along the base of the building to deal with rusting elements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Steel Quonset	$ 10,000	2028	Localized Repairs

3.7.6 Softscape Landscaping:

3.7.6.a Description & Assessment:

The general softscape areas appear to be well-maintained, and no areas of ponding or erosion were observed.

3.7.6.b Recommendation:

We have budgeted for localized grading, landscaping and periodic tree maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Landscaping - General	$ 10,000	2032	Periodic Allowance

3.8 Mechanical Systems

Fire Safety Systems

3.8.1 Generator:

3.8.1.a Description & Assessment:

Emergency power is supplied by a natural gas emergency generator located at the south side of the building near the steel gate. The generator is manufactured by Sommers.

There is an automatic transfer switch (ATS) for the Life-safety loads located adjacent to the main entrance, rated at 400 A. We understand the generator and transfer switch was replaced in 2015.

The generator appears to be in fair and operating condition.

3.8.1.b Recommendation:

We have budgeted for localized repairs of the generator and transfer switches. General replacement of the generator is not anticipated within the timeframe of the study.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhaul Generator	$30,000	2030	Generator Overhaul
Replace Transfer Switches	$50,000	2034	General Replacement

3.8.2 Fire Alarm System:

3.8.2.a Description & Assessment:

The main fire alarm system is a Mircom panel is located within the office space. The panel is a single stage, addressable. There are approximately 2 zones.

The fire alarm system appears to be in operational condition with no reported issues.

3.8.2.b Recommendation:

We have budgeted for replacement. We have included a separate budget for the replacement of wiring and devices within the zones. An annual allowance to comply with annual fire inspections has been included.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Fire Alarm Panel	$50,000	2034	General Replacement
Fire Alarm – Wiring and Devices	$50,000	2034	Localized Rewiring
Replace Fire Alarm System – Repairs	$10,000	2028	Periodic Allowance

3.8.3 Suppression System:

3.8.3.a Description & Assessment:

The building is not sprinklered. There are smoke alarms and fire extinguishers in the building.

3.8.3.b Recommendation:

Any repairs or partial replacement of the devices is anticipated to be within the threshold of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Suppression System	N/A	N/A	

Heating/Cooling

3.8.4 Rooftop Units:

3.8.4.a Description & Assessment:

There are two Rooftop units that supply heating/cooling throughout the complex.

North Side – Trane
South Side – York model ZF060N10P2AAA2A, rated 125,000 BTU. This unit appears to be replaced in 2014.

North unit appears to be old and south side unit appear to be in fair condition.

3.8.4.b Recommendation:

We have budgeted for the replacement of the north unit as its near the end of its service life.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
North Rooftop Unit	$80,000	2030	General Replacement

3.8.5 Garage Gas-Fired Heaters:

3.8.5.a Description & Assessment:

There are 3 ceiling-mounted gas fire heaters within the garage and storage areas. The gas heaters are supplementary heating and appear to be not operating.

3.8.5.b Recommendation:

Budgets for the replacement of the heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gas-Fired Heaters	$25,000	2026	General Replacement

3.8.6 A/C Units:

3.8.6.a Description & Assessment:

There are a few split A/C units serving different areas, including rear office, server room, UPS room, cafeteria etc.

3.8.6.b Recommendation:

Budgets for the partial replacement of the air conditioning units.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A/C Units	$15,000	2029	Partial Periodic Replacement

Miscellaneous

3.8.7 Supplemental Heating:

3.8.7.a Description & Assessment:

The heating within the complex is supplemented by electric baseboard heaters.

3.8.7.b Recommendation:

We have provided allowances for localized replacement on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Supplemental Heaters	$5,000	2027	Localized Replacement

3.8.8 Expansion Tanks:

3.8.8.a Description & Assessment:

There are a couple small expansion tanks for the hot water system and incoming water line, which appear to be fair and operating.

3.8.8.b Recommendations:

We have budgeted for the replacement as it is anticipated within the threshold of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Expansion Tank	N/A	N/A	

Site

3.8.9 Storm & Sanitary Connection and Drainage:

3.8.9.a Description & Assessment:

It is understood that there is a sewer septic tank located at the north side of the property. It is understood these tanks are regularly cleaned and maintained. Storm water is understood to be drained to the city's drainage ditch running adjacent to the site.

3.8.9.b Recommendation:

We do not anticipate major expenses for any repairs for storm and sanitary drainage within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Storm & Sanitary Connection	N/A	N/A	

3.8.10 Domestic Water Supply:

3.8.10.a Description & Assessment:

The domestic water supply and pipes appear to be functional with no reported issues. We understand this system was recently installed in 2024 and previously the site was serviced with well water.

3.8.10.b Recommendation:

We do not anticipate any major repairs within the timeframe of this report. .

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Supply	N/A	N/A	

3.8.11 Backflow Preventer:

3.8.11.a Description & Assessment:

There is a 2” backflow preventer DCVA located adjacent to the incoming water line for domestic cold water. The service tag indicated installation in 2025, and no current issues.

3.8.11.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

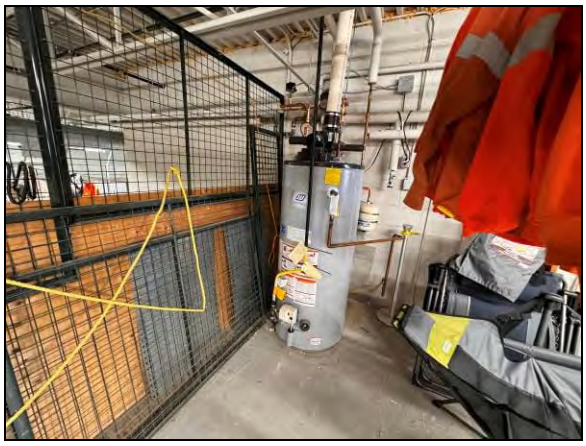
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Backflow Preventer	N/A	N/A	

Plumbing

3.8.12 Domestic Hot Water Heater:

3.8.12.a Description & Assessment:

There is a domestic hot water heater within the tank at upper storage area. We understand the tank was previously replaced in 2013. The tank appear to be operating in fair condition.



3.8.12.b Recommendation:

We have budgeted for the general replacement of the water heater.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Hot Water Heater	$10,000	2033	General Replacement

3.8.13 Domestic Water Piping:

3.8.13.a Description & Assessment:

Cold water risers are understood to be in fair condition, with no reported pinhole leaks.

3.8.13.b Recommendation:

We have budgeted for periodic localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Piping	$10,000	2029	Periodic Localized Repairs

3.8.14 Reverse Osmosis Filtration:

3.8.14.a Description & Assessment:

There are reverse osmosis water filtration systems located within the kitchenette of the complex.

The systems appeared to be generally in fair condition.

3.8.14.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Reverse Osmosis Filtration	N/A	N/A	

3.9 Electrical Systems

Main Distribution

3.9.1 Electrical System Allowance

3.9.1.a Description & Assessment:

The electrical system generally appears to be in fair condition with no reported issues.

3.9.1.b Recommendation:

We have provided an allowance for the periodic replacement of electrical components, such as distribution panels, disconnect switches, splitters, and bus bars. Further, includes an allowance for the hydro connection to the building.

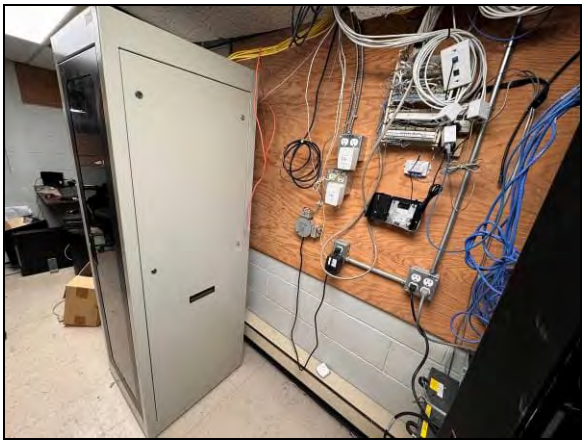
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electrical System Allowance	$15,000	2030	Periodic Repairs

3.9.2 Uninterruptible Power Supply Units:

3.9.2.a Description & Assessment:

There is a Uninterruptible Power Supply Units (UPS) located within the UPS room.



They are understood to be functional.

3.9.2.b Recommendation:

We have budgeted for the replacement.

Recommended Budgets / Timings:

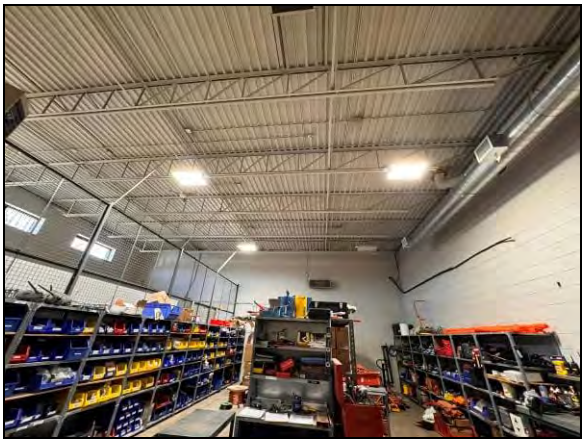
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
UPS	$50,000	2030	General Replacement

Lighting

3.9.3 Interior Lighting:

3.9.3.a Description & Assessment:

The interior LED lighting is in a variety of ceiling-mounted fixtures. The fixtures appeared to be in fair condition.



3.9.3.b Recommendation:

Budgets are included within the ceiling and wall repairs and have not been budgeted for individually.

3.9.4 Site Lighting:

3.9.4.a Description & Assessment:

There are some wall and soffit-mounted site lighting fixtures. They appeared to be in fair condition.

3.9.4.b Recommendation:

We have budgeted for general replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Site Lighting	$10,000	2031	General Replacement

Ancillary

3.9.5 CCTV Cameras:

3.9.5.a Description & Assessment:

CCTV cameras appear to be in fair condition.

3.9.5.b Recommendation:

We have budgeted for the replacement of the cameras and head system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CCTV Cameras	$30,000	2034	General Replacements

3.9.6 Card Access Control System:

3.9.6.a Description & Assessment:

It is understood that the Card Access system [redacted]. We understand that it is currently operating fair.

3.9.6.b Recommendation:

We have budgeted for future upgrades and localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Card Access Control Systems	$25,000	2031	General Replacements

Miscellaneous

3.10.1 EV chargers:

3.10.1.a Description & Assessment:

There is an EV charger at the front of the parking. It appears to have been installed in 2024.

3.10.1.b Recommendation:

We have provided allowances for the replacement of the EV charger.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
EV Charger	$ 10,000	2033	Replacement

4.0 COST SUMMARY

The table presented at the beginning is a summary of the costs presented in this report. These costs are based on estimated quantities and/or our experience with similar projects. They are meant as an order of magnitude budget estimates only and are subject to confirmation by competitive tendering and when the repairs are actually carried out. All numbers are shown in 2025 dollars.

Should you wish to review matters further, please let us know.

Yours truly,
BROWN & BEATTIE LTD.

Manoj Ramakrishnan, CVT, EIT

Scott Holden, Dip.Tech.

Allan Au-Duong, P.Eng.

Please note *this report was based on a visual assessment of the accessible areas only. Unless noted specifically, no intrusive or destructive testing was completed during this assessment. Technical specifications should be prepared for any work decided upon as a result of this report. The material in this report reflects best judgement in light of the information available and does not imply fitness for a particular purpose and should not be considered a verification of past or present regulations. Brown & Beattie Ltd. cannot be held responsible for any deficiencies that may be found within inaccessible areas by others, which have not been documented in this report. Copies of this report are subject to authentication from the writer. Brown & Beattie Ltd. accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. Use of this report or any other aspect of our service is not authorized until and unless our account is paid in full and on time.*

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BUILDING CONDITION ASSESSMENT REPORT

AT

Elexicon Energy Inc.
55 Taunton Road East
Ajax, Ontario

PREPARED FOR:

Elexicon Energy Inc.

Devin Rolfe

DATE:
April 21, 2025

REFERENCE:

Ref. Taunton55.bca/r

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EXECUTIVE SUMMARY

The subject site is located at 55 Taunton Road East in Ajax and includes a large two-story complex. The complex was originally constructed in 1999, with an addition completed in 2010. The footprint of the original structure is approximately 52,500 ft2, with the addition being approximately 11,500 ft2.

Elexicon Energy Inc. engaged Brown & Beattie Building Sciences with the intent to conduct Visual Building Condition Assessment of the subject Building using the best tools and equipment to assess the physical and structural soundness of the building.

Based on our review, the building appears to be in generally fair condition with some noted issues, including leakage issues in the roof and skylights. We have listed the items in the table below with the recommended budgets and timings.

Short Term Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Recommendations:
Flat Roofing-TPO	$1,000,000	2028	Replacement of the roof over the Office areas
Skylights	$300,000	2028	Replacement of skylights
Interior Finishes	$2,000,000	2029	Refurbishment of interior Finishes
Overhead Doors	$175,000	2028	Replacement of Overhead Doors
Roadway Replacement	$150,000	2026	Replacement of asphalt pavement

We understand the building has been periodically locally repaired since it was built. As such, the various building components remain in variable but mostly fair condition. Major repairs that are understood to have been completed within about the last 10 years include to:

- Replacement of main roof – East building
- Replacement of the backflow preventer

Based upon our review of the site, the condition and expected life of the various building systems, and our understanding of the building standards that you wish to maintain, we expect that the capital projects in the table below will be required within the 10-year timeframe of this report.

55 Taunton Road East, Ajax
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Annual Expected Costs		-$50,000	-$177,500	-$150,000	-$1,522,500	-$2,575,000	-$397,500	-$420,000	-$272,500	-$210,000	-$922,500	-$3,590,000
Item	Building Element											
	STRUCTURE:											
3.1	Buildings											
3.2	Foundation Walls											
	ROOFS:											
3.3.1.a	Flat Roofing - TPO - Original Office				$1,000,000							
3.3.1.b	Flat Roofing - TPO - Remaining											$2,000,000
3.3.2	Skylights				$300,000							
3.3.3	Roof Maintenance/Investigation		$7,500		$7,500		$7,500		$7,500		$7,500	
	EXTERIOR WALLS:											
3.4.1	Localized Wall Repairs					$25,000					$25,000	
3.4.2	Sealants					$50,000						
	WINDOWS AND DOORS:											
3.5.1.a	Window Assembly - Original Building							$250,000				
3.5.1.b	Sealed Unit Replacement			$10,000		$10,000		$10,000		$10,000		$10,000
3.5.2	Front Entrance Vestibule											
3.5.3	Overhead Doors				$175,000							
3.5.4	Exterior Metal & Glazed Entry Doors											
3.5.5	Interior Entry Doors											
3.5.6	Automatic Door Openers									$45,000		
	INTERIOR FINISHES:											
3.6.1	Carpeting					$1,000,000						
3.6.2	Wall & Ceiling Finishes					$1,000,000						
3.6.3	Lobby Refurbishment											$200,000
3.6.4.a	Exercise Room							$30,000				
3.6.4.b	Bathrooms										$200,000	
3.6.4.c	Men's & Women's Change Rooms						$50,000					
3.6.4.d	Dry Rooms								$30,000			
3.6.4.e	Serveries									$100,000		
	SITE SERVICES:											
3.7.1.a	Roadway Replacement		$150,000									
3.7.1.b	Interim Asphalt Pavement Repairs		$10,000			$10,000			$10,000			$10,000
3.7.2	Concrete Walkways				$10,000					$10,000		
3.7.3	Chain Link Fencing					$25,000					$25,000	
3.7.4	Gated Entrances										$70,000	
3.7.5	Steel Quonset Outbuilding				$30,000							
3.7.6	A-Frame Outbuilding										$30,000	
3.7.7.a	Landscaping - General								$50,000			
3.7.7.b	Landscaping - Tree Maintenance					$50,000						
3.7.8	Inground Storage Tanks											
3.7.9	Storm Water Pond											$50,000
3.7.10	Gazebo											$20,000
3.7.11	Patio Finishes											$40,000
	MECHANICAL SYSTEMS:											
	FIRE SAFETY											
3.8.1.a	Overhaul Generator						$30,000					
3.8.1.b	Replace Transfer Switches											$50,000
3.8.2.a	Replace Fire Alarm Panel						$55,000					
3.8.2.b	Replace Fire Alarm System (Wiring and Devices)						$75,000					
3.8.2.c	Replace Fire Alarm System - Repairs		$10,000					$10,000				
3.8.3	Suppression System Repair					$20,000					$20,000	
3.8.4	Nitrogen Fire Suppression System	$50,000										
	HEATING/COOLING											
3.8.5	Thermal Ground Source Heating						$50,000					$50,000
3.8.6	Water Source Heat Pumps										$300,000	
	VENTILATION											
3.8.7	Supply and Return Air					$300,000						
3.8.8	Rooftop Units											$700,000
3.8.9	ERV Units								$55,000			
3.8.10	Gas-Fired Heaters								$70,000			
3.8.11	Supplemental Duct Heating											$125,000
3.8.12	Humidifier								$20,000			
3.8.13	Replace CO System							$20,000				
3.8.14	A/C Units					$20,000					$20,000	
	MISCELLANEOUS UNITS											
3.8.15	Supplemental Heaters			$15,000					$15,000			
	DISTRIBUTION											
3.8.16	HVAC Distribution Repair Allowance					$10,000						
3.8.17	Replace Circulating Pumps							$80,000				
3.8.18	Expansion Tank										$10,000	
3.8.19	Replace Building Automation System (BAS)			$125,000								
	SITE											
3.8.20	Storm & Sanitary Connection and Drainage					$25,000						
3.8.21	Domestic Water Supply									$25,000		
3.8.22	Backflow Preventer											
3.8.23	Sanitary Waste Equipment - Sump Pumps							$20,000				
	PLUMBING											
3.8.24	Replace Domestic Water Heaters											$55,000
3.8.25	Replace Domestic Water Piping & Fittings					$30,000					$30,000	
3.8.26	Reverse Osmosis Filtration											
	ELECTRICAL SYSTEMS:											
	MAIN DISTRIBUTION											
3.9.1	Electrical System Allowance						$30,000					$30,000
3.9.2	Replace Transformers											

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55 Taunton Road East, Ajax
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
3.9.3.a	Main Switchgear and MCC											$200,000
3.9.3.b	Service Distribution and Suite Distribution Panels											$50,000
3.9.4	Uninterruptable Power Supplies						$100,000					
	LIGHTING											
3.9.5	Interior Lighting											
3.9.6	Site Lighting - Fixtures								$15,000			
3.9.7	Pole Mounted Lighting											
	ANCILLARY											
3.9.8	Security System - CCTV Cameras										$85,000	
3.9.9	Card Access Control System										$100,000	
	ELEVATORS											
3.10.1	Elevator											
	MISCELLANEOUS:											
3.11.1	AED Units											
3.11.2	EV Chargers									$20,000		
3.11.3	Solar Panels											

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April 21, 2025 Ref. Taunton55.bca/r

Elexicon Energy Inc.
55 Taunton Road East
Ajax, ON L1T 3V3

Attention: Devin Rolfe **drolfe@elexiconenergy.com**

Re: Elexicon Energy Inc.
55 Taunton Road East, Ajax
Building Condition Assessment – DRAFT Report

As requested, we have carried out an assessment of the building elements discussed herein at this address and have summarized our findings below. We understand an estimated cost of future capital projects related to maintaining specific building components in a sound and serviceable condition over a 10-year time frame is required. Our timings for recommended expenditures include specific years, as requested, however it should be appreciated the timing for the majority of projects is somewhat discretionary over a period of several years.

The following consultants carried out this investigation:

- Brown & Beattie Ltd. Structure, Building Envelope, Mechanical, Electrical, and Roofing

1.0 INTRODUCTION & BUILDING DESCRIPTION

The subject site is located at 55 Taunton Road East in Ajax and includes a large two-story complex. The complex was originally constructed in 1999, with an addition completed in 2010. The footprint of the original structure is approximately 52,500 ft2, with the addition being approximately 11,500 ft2.

The original building is clad primarily in metal cladding and precast concrete walls, with the building's addition having an exterior window wall system.

The site includes a rear storage area with 2 additional outbuildings.

For the purposes of this report, it is assumed that Taunton Road runs east-west, with the building located on the south side of the street.

Our site investigation was carried out on March 17, 2025, and included a general review of the entire building and exterior area and a discussion with building staff.

We have not reviewed construction drawings or calculations, environmental or concealed conditions. This is not a full Code Compliance or Structural Assessment of the building, though we have provided comments on applicable codes where appropriate. Photographs included with this report were taken during our inspection.

Specifications should be prepared as part of any work detailed herein, including further destructive testing as considered necessary. Estimated costs contained within this report should be confirmed through competitive tendering.

2.0 LIMITATIONS

This investigation is designed to provide sufficient information to enable the selection of a suitable repair strategy, while trying to balance the cost of obtaining this information. It is likely that conditions not uncovered by this investigation exist which may affect the costs or effectiveness of the recommended repairs. This assessment is not meant to eliminate uncertainty regarding the potential for existing or future costs, hazards or losses. No destructive investigation or testing was carried out as part of this assignment.

Our recommendations are based on our experience and on generally accepted practice. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. Timeframes represent judgements based on apparent conditions and ultimate repair/replacements may vary from our estimates.
Our recommendations are based primarily on technical considerations. We would be pleased to review with you how the final course of action can also take into account your financial and operational requirements. In general, delay in

effecting repairs potentially results in increased costs associated with progressive deterioration, and phasing the work will increase related mobilization costs. Of course, increasing initial repair extents and related costs reduces the later maintenance and repair costs.

Cost estimates presented in this report are based on estimated quantities and our experience with similar projects. They are meant as order of magnitude budget estimates only (in present Canadian dollars) and are subject to confirmation by competitive tendering and when the repairs are actually carried out. Cost estimates include HST and an allowance for engineering. We have not included costs associated with building modifications or interior upgrades.

The recommendations made in this report are based on the information available at this time. Should the associated restoration work reveal additional information, the recommendations may have to be revisited.

We have not reviewed structural calculations, concealed conditions, building signage, thermal scans, accessibility, specialized equipment, designated substance survey, FFE (furniture, fixtures and equipment) in our investigation.

This report should be read in its entirety.

A specification should be prepared for any of the work recommended herein to facilitate proper workmanship and material use and to obtain competitive bids from suitably qualified contractors. Competent site review should be carried out during the course of the remedial work to facilitate compliance with the specified requirements and as required to review previously unidentified conditions.

This report is intended for the named client. Use of this report by a third party or reliance on or decisions made based on it, is the responsibility of such third parties.

3.0 BUILDING OBSERVATIONS, ASSESSMENTS AND CONCLUSIONS

3.1 Building Structure:

The main building structure consists predominantly of conventional steel framing, including steel columns, beams and open-webbed steel joists. The floor structure appears to consist of poured concrete.

None of the structural elements are exposed to the exterior, and thus progressive deterioration is not expected within study periods, unless the interior is used for purposes that exceed building design loads or conditions, which is beyond the mandate of this report to assess.

Significant expenditures related to the internal building structure is not anticipated within the timeframe of this report, beyond regular maintenance.

3.2 Foundation Walls:

3.2.1 Concrete Foundation Walls:

The majority of the assumed concrete foundation walls and footings below the building are concealed from review and are expected to last the life of the building, with minimal maintenance. Related waterproofing and/or perimeter drainage systems may eventually require attention, though beyond the timeframe of this report.

3.3 Roofing:

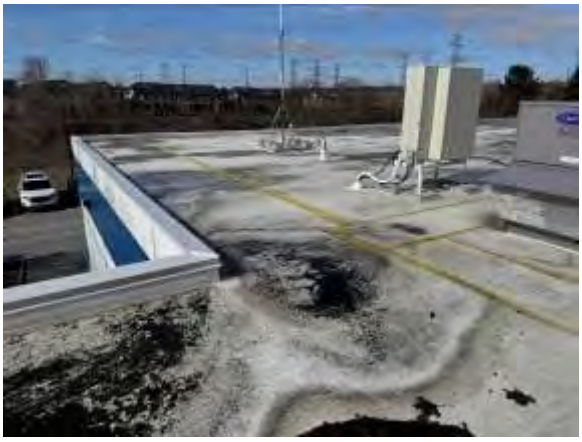
3.3.1 Main Building Roofing:

3.3.1.a Description & Assessment:

The flat roofing on each section of the building consists of a TPO (Thermoplastic Polyolefin) system. It is understood that the original building's roof was replaced approximately 12 years ago with the addition of solar panels above the rear garage area. The roofing area of the addition is original to its construction circa (2010).

The nature of single-ply roofing systems is that they are highly dependent upon good workmanship and good installation details since any deficiencies in the membrane installation can result in leakage. Other commonly used roofing systems can include multiple layers of roofing material (including the 4-ply built-up roofing), which, in our experience, provides greater inherent redundancy than single-ply systems. This lack of redundancy also increases the risk of mechanical damage.

The roofing above the original office area has many areas of ponding. With many areas where the membrane appears to be ridging.



The roof areas above the garage and the building's addition appeared to be in fair condition.

3.3.1.b Recommendation:

We have budgeted for the near-future replacement of the roofing system within the original building's office area. The replacement of the remaining sections of the roof is to be completed in 2035.

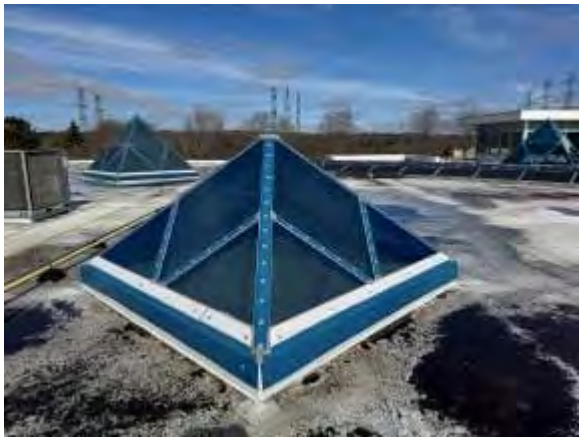
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Original Building – Office Area	$1,000,000	2028	General Replacement
Remaining Roof Areas	$2,000,000	2035	General Replacement
Roof Maintenance/Investigation	$7,500	2026	Periodic Localized Repairs

3.3.2 Skylights:

3.3.2.a Description & Assessment:

There are 8 skylights above the office area of the original structure. It is understood these skylights have been previously refurbished and sealed. The sealants were noted to be cracking and poor at all the skylight areas.



3.3.2.b Recommendation:

We have budgeted for the full replacement of the skylights to be completed in conjunction with the related areas roofing replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Skylights	$ 300,000	2028	General Replacement

3.4 Exterior Walls

3.4.1 Metal Panels & Precast Concrete:

3.4.1.a Description & Assessment:

The original building's walls are a combination of metal and precast concrete panels. The panels appear to be in generally fair condition, with some minor environmental staining noted.

3.4.1.b Recommendation:

We have provided allowances for localized repairs to the metal and concrete panels.

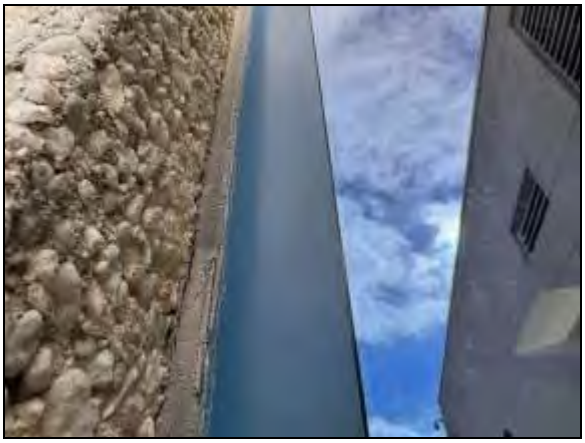
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Localized Wall Repairs	$25,000	2029	Periodic Repair Allowance

3.4.2 Exterior Caulking:

3.4.2.a Description & Assessment:

Exterior sealants caulking is currently located around exterior window and door frames, between exposed floor slab edges and masonry and other building joints. Exterior building joint sealants on precast concrete wall panels and around the window perimeter in the older building appear to be in poor condition, with cracking and debonding noted.



The exterior sealants are generally flexible and in fair condition.

3.4.2.b Recommendation:

We recommend that general replacement be completed in conjunction with the exterior wall restoration above.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Partial Sealant Replacement	$50,000	2029	Partial Replacement Allowance

3.5 Windows & Doors

3.5.1 Windows:

3.5.1.a Description & Assessment:

At the original building portion, the windows are aluminum frames that do not include operable windows.

Based on the age of the window systems, it is unlikely, in our experience, that the window assemblies include ‘interior’ or ‘sub-sill’ membrane flashings, as in our experience is considered good practice to avoid deterioration of framing and wall components and damage to finishes should failure of the windows integral seals occur (as has evidently occurred as discussed elsewhere in this report). Further intrusive investigation and destructive testing would need to be carried out to confirm the presence or absence of concealed components.

The newer addition portion of the building includes a floor-to-ceiling window wall system.

The condition of the original building's windows is poor to fair condition. Within the newer addition, the windows appeared to be generally in fair condition.

3.5.1.b Recommendation:

We have budgeted for the general replacement of the windows within the west building. As the windows in this portion of the complex are nearing the end of their natural life cycle.

We have also provided allowances for localized replacement of IGU's at the south side of the property and general allowances moving forward.

The replacement of the windows within the complex's addition is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Windows – Original Building (West Side)	$250,000	2031	Window Replacement
Sealed Unit Replacement	$10,000	2027	Localized IGU Replacements

3.5.2 Front Entrance Vestibule:

3.5.2.a Description & Assessment:

There is a set of double automatic entry doors servicing the front entrance of the building. These doors remain in fair condition.

3.5.2.b Recommendation:

Replacement of this item is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Front Entrance Vestibule	N/A	N/A	

3.5.3 Overhead Doors:

3.5.3.a Description & Assessment:

There are several overhead doors throughout the complex. The overhead doors appeared to be in generally poor to fair condition.

3.5.3.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door	$175,000	2028	Replacement

3.5.4 Exterior Metal & Glazed Entry Doors:

3.5.4.a Description & Assessment:

There are some metal and glazed entry doors located around the perimeter of the building, including the rear garage, cafeteria, and hydro vault. These doors are in fair condition and can often last the life of the building with regular maintenance.

3.5.4.b Recommendation:

Replacement of these items is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exterior Metal & Glazed Entry Doors	N/A	N/A	

3.5.5 Interior Entry Doors:

3.5.5.a Description & Assessment:

There are several metal and glazed entry doors to the office areas, washrooms, mechanical and electrical rooms. These doors are in fair condition and can often last the life of the building with regular maintenance.

3.5.5.b Recommendation:

Partial replacement is budgeted within the interior finishes and need not be budgeted separately.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Entry Doors	N/A	N/A	

3.5.6 Automatic Door Openers:

3.5.6.a Description & Assessment:

There are a few automatic door openers at the front and rear entrances, which appeared to be in operating condition.

3.5.6.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Automatic Door Opener	$45,000	2033	Replacement

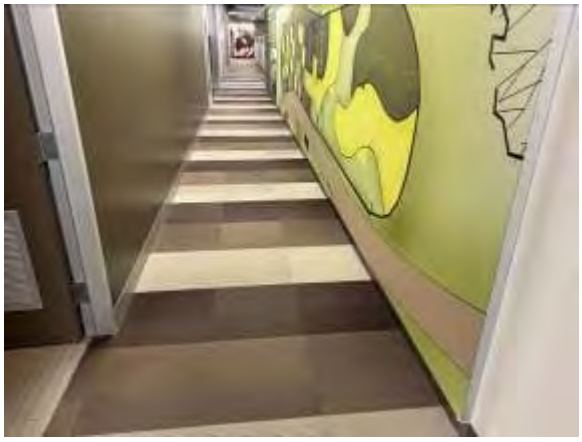
3.6 Interior Finishes

Where reviewed, the various interior finishes remain in fair condition at this time. Interior finishes are generally considered to be discretionary items and are not related to the overall performance of the building from a technical standpoint.

3.6.1 Building Carpeting:

3.6.1.a Description & Assessment:

Carpet and flooring appear to be in fair condition.



3.6.1.b Recommendation:

We have included an allowance for the replacement of corridor carpeting.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Building Carpeting	$ 1,000,000	2029	Replacement of the Flooring

3.6.2 Corridor Wall & Ceiling Finishes:

3.6.2.a Description & Assessment:

The building ceiling primarily consisted of drop tile panels and painted open steel webs. The walls were a combination of wallpaper and painted areas throughout the building. The finishes appear to be in fair condition.

3.6.2.b Recommendation:

We have included an allowance for the replacement of corridor wall & ceiling finishes.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Wall & Ceiling Finishes	$1,000,000	2029	Replacement of the Finishes

3.6.3 Lobby Refurbishment:

3.6.3.a Description & Assessment:

Lobby finishes appear to be in fair condition.

3.6.3.b Recommendation:

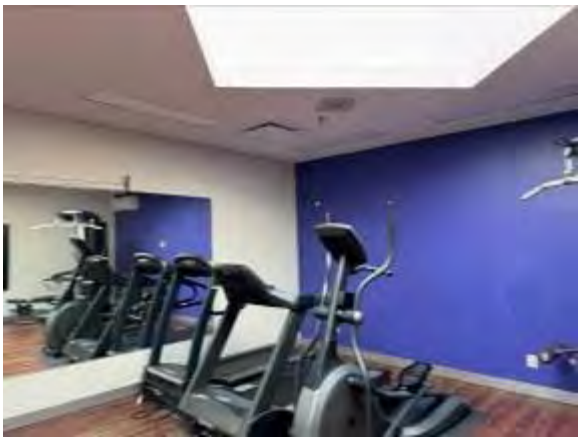
We have included an allowance for the lobby refurbishment.
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Lobby Refurbishment	$200,000	2035	Refurbishment

3.6.4 Common Area Finishes:

Other common areas include:

- Exercise Room
- Restrooms
- Men's & Women's Change Rooms
- Drying Rooms
- Serveries



We have included an allowance for the refurbishment of these common area finishes.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exercise Room	$30,000	2031	Refurbishment
Bathrooms	$200,000	2034	Refurbishment
Men's & Women's Change Rooms	$50,000	2030	Refurbishment
Dry Rooms	$30,000	2032	Refurbishment
Serveries	$100,000	2033	Refurbishment

3.7 Site Finishes

The site includes a variety of "hard" and "soft" landscaping features. Hard features would include pavements, site walls, etc., while soft features refer more to landscaping, gardens and leisure areas such as the barbecue area.

3.7.1 Asphalt Pavement:

3.7.1.a Description & Assessment:

The asphalt pavement is located at the general parking areas around the perimeter of the building and the rear storage area of the complex.

The parking area appears to be in generally fair condition with minimal deterioration noted. Throughout the rear storage area, several areas were noted to be unpaved.

3.7.1.b Recommendation:

We have budgeted for the replacement/installation of asphalt within the rear storage area. While localized repairs to the asphalt of the parking lot areas can be completed in the near term.

Replacement of the asphalt area outside of the study.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Asphalt Pavement Replacement – Rear Lot	$150,000	2026	Asphalt Replacement
Asphalt Pavement – Localized Repairs	$10,000	2026	Periodic Allowances

3.7.2 Concrete Walkways:

3.7.2.a Description & Assessment:

There are a few areas of concrete walkways around the perimeter of the complex. The walkways appeared to be in fair condition, with no areas of heaving noted.

3.7.2.b Recommendation:

We have budgeted for the replacement or repairs to the concrete walkways.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Walkway	$10,000	2028	Periodic Allowances

3.7.3 Chain Link Fencing:

3.7.3.a Description & Assessment:

A 6ft high chain-link fence encloses the rear area of the property. The fencing appeared to be in fair condition.

3.7.3.b Recommendation:

We have budgeted for periodic repairs.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Chain Link Fencing	$25,000	2029	Periodic Repair Allowance

3.7.4 Gated Entrances:

3.7.4.a Description & Assessment:

There are [redacted]. The gates appeared to be operating in fair condition.

3.7.4.b Recommendation:

We have budgeted for future replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gated Entrance	$ 70,000	2034	General Replacement

3.7.5 Steel Quonset Outbuilding:

3.7.5.a Description & Assessment:

There is a steel Quonset building in the rear storage area of the property. The building appears to be in generally fair condition. There was some noted deterioration along the base of the structure.

3.7.5.b Recommendation:

We have budgeted for localized repairs along the base of the building to deal with rusting elements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Steel Quonset	$ 30,000	2028	Localized Repairs

3.7.6 A-Frame Outbuilding:

3.7.6.a Description & Assessment:

There is a large structural steel A-frame building within the rear storage area. The general structure of the building appeared to be in fair condition. Some localized damage was noted at the concrete footing for the structural steel members.

3.7.6.b Recommendation:

We have budgeted for future localized repairs at concrete footings.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A-Frame Outbuilding	$ 30,000	2034	Periodic Repair Allowance

3.7.7 Softscape Landscaping:

3.7.7.a Description & Assessment:

The general softscape areas appear to be well-maintained, and no areas of ponding or erosion were observed.

3.7.7.b Recommendation:

We have budgeted for localized grading, landscaping and periodic tree maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Landscaping - General	$ 50,000	2032	Periodic Allowance
Landscaping - Tree Maintenance	$ 50,000	2029	Periodic Allowance

3.7.8 Inground Storage Tanks:

3.7.8.a Description & Assessment:

It is understood that there are two double-walled fiberglass storage tanks (approximately 15,140 L each) that feed the pumping station located within the rear yard area. It is understood these tanks and pumping stations are regularly checked and inspected.

3.7.8.b Recommendation:

Repairs are not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Inground Storage Tanks	N/A	N/A	

3.7.9 Storm Water Pond:

3.7.9.a Description & Assessment:

There is a stormwater management pond located near the northwestern corner of the property, adjacent to Taunton Road. The stormwater pond appears to be in generally fair condition.

3.7.9.b Recommendation:

We have budgeted for future localized repairs and maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Storm Water Pond	$ 50,000	2035	Periodic Repair Allowance

3.7.10 Gazebo:

3.7.10.a Description & Assessment:

There is a gazebo at the exterior patio area on the west side of the site. The gazebo appears to be in generally fair condition.

3.7.10.b Recommendation:

We have budgeted for significant repairs.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gazebo	$ 20,000	2035	Repairs

3.7.11 Patio Finishes:

3.7.11.a Description & Assessment:

There is an exterior patio on the west side of the site adjacent to the cafeteria. Concrete unit paving appears to be in fair condition.

3.7.11.b Recommendation:

We have budgeted for localized removal and resetting or replacement of interlocking pavers, as well as other related repairs.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Patio Finishes	$ 40,000	2035	Localized Repairs

3.8 Mechanical Systems

Our recommendations are based on our observations and the service contractor's reports.

Fire Safety Systems

3.8.1 Generator:

3.8.1.a Description & Assessment:

Emergency power is supplied by a diesel emergency generator located at the southwest corner of the building near the west parking area. The generator is a Kohler Power Systems 200 rated 200 KW.

There is an automatic transfer switch (ATS) for the Life-safety loads located in the Electrical Room #1, rated at 400 A.

The generator appears to be in fair and operating condition.

A secondary generator is located on the second floor, near the mezzanine Communication Equipment Room. It is understood that this generator, storage tank and related ATS have been previously decommissioned.

3.8.1.b Recommendation:

We have budgeted for localized repairs of the generator and transfer switches. General replacement of the generator is not anticipated within the timeframe of the study.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhaul Generator	$30,000	2030	Generator Overhaul
Replace Transfer Switches	$50,000	2035	General Replacement

3.8.2 Fire Alarm System:

3.8.2.a Description & Assessment:

The main fire alarm system is a Simplex 4100 is located in Electrical room #1. The panel is a single stage, addressable. There are approximately 40 zones.

The fire alarm system appears to be in operational condition with no reported issues.

3.8.2.b Recommendation:

We have budgeted for replacement. We have included a separate budget for the replacement of wiring and devices within the zones. An annual allowance to comply with annual fire inspections has been included.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Fire Alarm Panel	$55,000	2030	General Replacement
Fire Alarm – Wiring and Devices	$75,000	2030	Localized Rewiring
Replace Fire Alarm System – Repairs	$10,000	2026	Periodic Allowance

3.8.3 Suppression System:

3.8.3.a Description & Assessment:

The building has a wet sprinkler and standpipe system. There are 4 - 4" wet valves located in the mechanical room. The sprinkler system appeared to be functional and we are unaware of any issues.

3.8.3.b Recommendation:

We have provided allowances for partial valve replacement and partial replacement of the wet sprinkler piping.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Suppression System	$20,000	2029	Localized Repairs

3.8.4 Nitrogen Fire Suppression System:

3.8.4.a Description & Assessment:

The server room is currently having a nitrogen fire suppression system being installed.

3.8.4.b Recommendation:

We understand the new system is currently being installed.

Recommended Budgets / Timings:

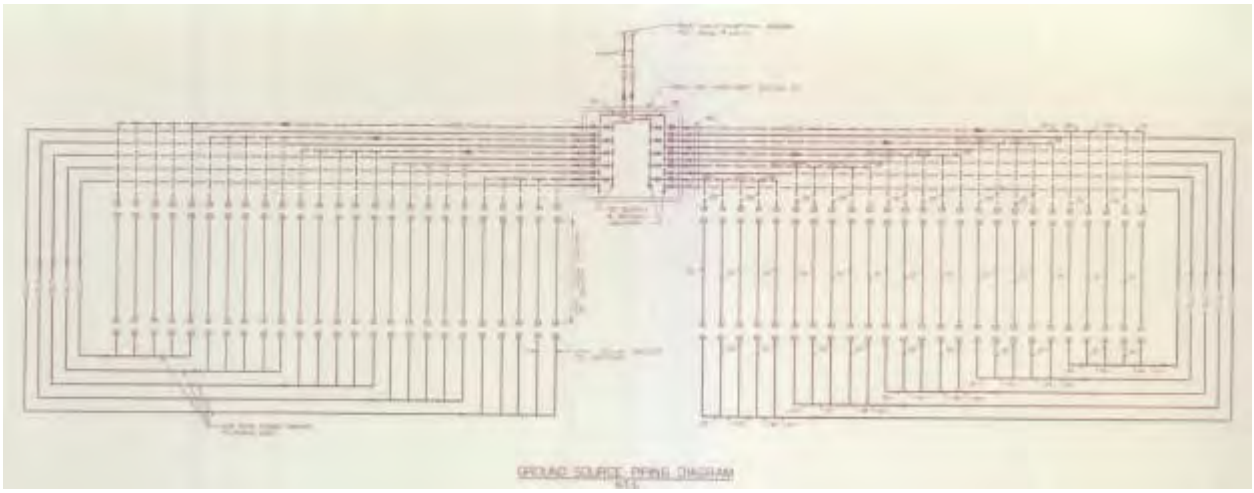
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Nitrogen Fire Suppression System	$50,000	2025	New Installation

Heating/Cooling

3.8.5 Thermal Ground Source Heating:

3.8.5.a Description & Assessment:

It is understood that a portion of the heating for the building comes from thermal ground source heating that is located beneath the east parking area.



It is understood that the manifold for this heating system was recently replaced with a stainless steel version, along with other minor localized repairs.

The ground loop components of the geothermal heating system are expected to have minimal issues due to its durable, closed-loop design and long lifespan. These loops are typically constructed from high-density polyethylene (HDPE) piping, which is resistant to corrosion, leaks, and environmental wear.

However, it is important to note that areas of the system were not reviewed due to the confined nature of the installation, limiting direct inspection. Despite this, the overall system is designed for long-term reliability with minimal maintenance requirements.

3.8.5.b Recommendation:

We have budgeted for future localized repairs and maintenance to the manifold and related piping.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Thermal Ground Source Heating	$50,000	2030	Periodic Repair Allowance

3.8.6 Heat Pumps:

3.8.6.a Description & Assessment:

The heating plant consists of five pairs of Trane 5-ton capacity water-source heat pumps, Model No. EXWE06011B00B000D0, rated 60,000 BTU. Each unit pair has a circulation pump rated 1 hp. The heat pumps appear to be in fair condition.

3.8.6.b Recommendation:

We have budgeted for the future replacement of the heat pump sets.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Water Source Heat Pumps	$300,000	2034	General Replacement

Ventilation

3.8.7 Fresh Air Supply:

3.8.7.a Description & Assessment:

Fresh Air is supplied to the building areas by 3 Supply and Return Air Systems.

The systems have regular maintenance completed and are understood to be in fair condition.

3.8.7.b Recommendation:

We have budgeted for the periodic overhaul of the fans within these units.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Fan Overhaul	$300,000	2029	Major Overhauls

3.8.8 Rooftop Units:

3.8.8.a Description & Assessment:

There are four Rooftop units that supplement the HVAC system throughout the complex.

Original Garage – Carrier model ZF102N15N5AAA5A, rated 180,000 BTU.
Original Office – Carrier model 50TC-D12A2A1A000A0, rated 150,000 cooling BTU
Addition Office Areas – Two Johnson Controls – Model J25ZJS24S5BZZ10002 B, rated 300,000 BTU.

All units appear to be in fair condition.

3.8.8.b Recommendation:

We have budgeted for replacement as the units are near the end of their service life.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Rooftop Units	$700,000	2035	General Replacement

3.8.9 Energy Recovery Units:

3.8.9.a Description & Assessment:

There are two energy recovery units for the new addition. These units are Greenheck model ERV-241H20B-ES, rated 12,000 cfm.

3.8.9.b Recommendation:

We have budgeted for the replacement of the ERVs.

Recommended Budgets / Timings:

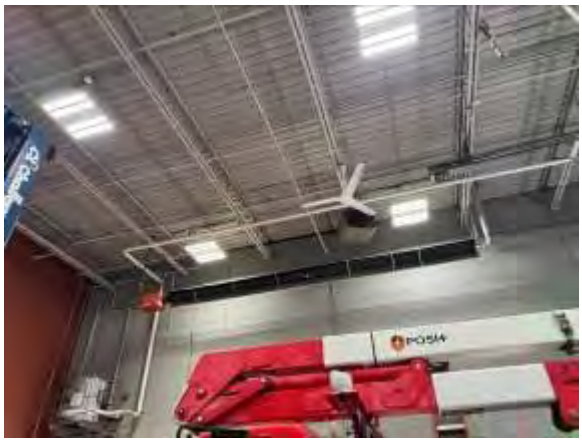
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
ERV Units	$55,000	2032	General Replacement

3.8.10 Garage Gas-Fired Heaters:

3.8.10.a Description & Assessment:

There are five ceiling-mounted gas fire heaters within the garage and mechanic bay. The gas heaters appeared to be in fair condition.

We understand that the hydronic and other heaters within these areas have been decommissioned.



3.8.10.b Recommendation:

Budgets for the replacement of the heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gas-Fired Heaters	$70,000	2032	General Replacement

3.8.11 Supplemental Duct Heating:

3.8.11.a Description & Assessment:

There is an electric re-heating system that is used to supplement the heating within the interior office space of the addition. The system appeared to be in fair condition.

3.8.11.b Recommendation:

Budgets for the replacement of the electric re-heating systems.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electric Reheating Systems	$125,000	2035	General Replacement

3.8.12 Humidifier:

3.8.12.a Description & Assessment:

There are three humidifiers integrated with the interior heating system. The system appeared to be in fair condition.

3.8.12.b Recommendation:

Budgets for the replacement of the humidifiers.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Humidifiers	$20,000	2032	General Replacement

3.8.13 CO System:

3.8.13.a Description & Assessment:

A Carbon Monoxide (CO) detection system is located in the garage, with additional sensors in the Repair Bay. The system is in fair condition.

3.8.13.b Recommendation:

Budgets for the replacement of the CO system and sensors.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CO System	$20,000	2031	General Replacement

3.8.14 A/C Units:

3.8.14.a Description & Assessment:

There are several split A/C units serving several areas, including stairwells, the board room, gym, cafeteria, etc.

3.8.14.b Recommendation:

Budgets for the partial replacement of the air conditioning units.

Recommended Budgets / Timings:

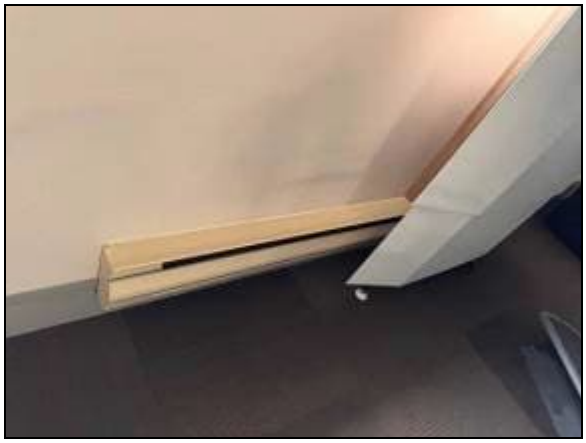
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A/C Units	$20,000	2029	Partial Periodic Replacement

Miscellaneous

3.8.15 Supplemental Heating:

3.8.15.a Description & Assessment:

The heating within the complex is supplemented with electric baseboard heaters.



3.8.15.b Recommendation:

We have provided allowances for localized replacement on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Supplemental Heaters	$15,000	2027	Localized Replacement

Distribution

3.8.16 HVAC Distribution:

3.8.16.a Description & Assessment:

The HVAC distribution system appears to be operational, with no reported issues.

3.8.16.b Recommendation:

We have budgeted for partial replacement (repair allowance) of the distribution piping and valves initially after 40 years of service life and every 10 years thereafter.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
HVAC Distribution Repair Allowance	$10,000	2029	Partial Periodic Replacement

3.8.17 Dual Circulating Pumps:

3.8.17.a Description & Assessment:

There were two primary heating pumps, each rated at 30 hp. The pumps appeared to be operating in fair condition.

3.8.17.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Dual Circulating Pumps	$80,000	2031	General Replacement

3.8.18 Expansion Tanks:

3.8.18.a Description & Assessment:

There are a few expansion tanks for the heating systems, which appear to be operating.

3.8.18.b Recommendations:

We have budgeted for the replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Expansion Tank	$10,000	2034	Replacement

3.8.19 BAS System:

3.8.19.a Description & Assessment:

There is a BAS system for the building HVAC systems. We understand that there have been compatibility issues between systems.

3.8.19.b Recommendations:

We have budgeted for the replacement/ major upgrades to deal with the compatibility issues.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
BAS System	$125,000	2027	Replacement/Major Upgrade

Site

3.8.20 Storm & Sanitary Connection and Drainage:

3.8.20.a Description & Assessment:

Storm and sanitary drainage appeared to be functional with no reported issues. Siamese connection is located adjacent to the front entrance.

3.8.20.b Recommendation:

We have provided allowances for localized repairs on an as needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Storm & Sanitary Connection	$25,000	2029	Periodic Localized Repairs

3.8.21 Domestic Water Supply:

3.8.21.a Description & Assessment:

The domestic water supply and pipes appear to be functional with no reported issues.

3.8.21.b Recommendation:

We have provided allowances for localized repairs on an as needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Supply	$25,000	2033	Periodic Localized Repairs

3.8.22 Backflow Preventer:

3.8.22.a Description & Assessment:

There is a 2.5” backflow preventer DCVA located in the water meter room for domestic cold water. The service tag indicated installation in 2020, and no current issues.

There is a 4" backflow preventer DCVA located in the water meter room for the main fire line. The service tag indicated installation in 2020, and no current issues.

3.8.22.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

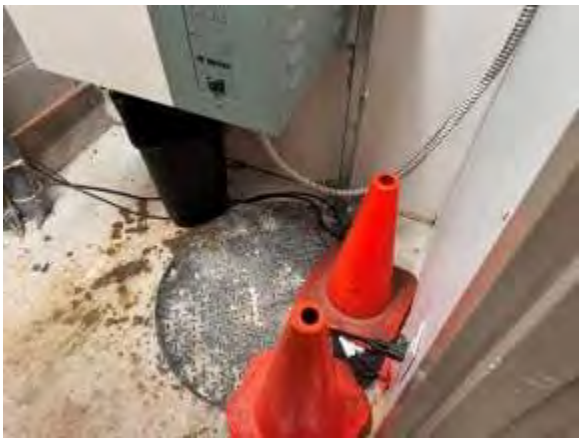
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Backflow Preventer	N/A	N/A	

3.8.23 Sump Pumps:

3.8.23.a Description & Assessment:

Ground floor and elevator pits are equipped with 2 duplex (primary and back-up) and simplex (single pump) sump drainage systems, complete with water level

activated pump controls. Sump pumps appear to be operating in fair condition.



3.8.23.b Recommendation:

We have budgeted for the general replacement of the pumps and related repairs to the pit areas.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sump Pumps	$20,000	2031	General Replacement

Plumbing

3.8.24 Domestic Hot Water Heaters:

3.8.24.a Description & Assessment:

There are domestic hot water heaters within the tanks within the complex. The tanks appear to be in fair condition.

3.8.24.b Recommendation:

We have budgeted for the general replacement of all water heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Hot Water Heater	$55,000	2035	Replacement

3.8.25 Domestic Water Piping:

3.8.25.a Description & Assessment:

Cold water risers are understood to be in fair condition, with no reported pinhole leaks.

3.8.25.b Recommendation:

We have budgeted for periodic localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Piping	$30,000	2029	Periodic Localized Repairs

3.8.26 Reverse Osmosis Filtration:

3.8.26.a Description & Assessment:

There are reverse osmosis water filtration systems located within the kitchenette areas of the complex. At the time of our review, one of the systems was undergoing replacement.

The systems appeared to be generally in fair condition.

3.8.26.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Reverse Osmosis Filtration	N/A	N/A	

3.9 Electrical Systems

Main Distribution

3.9.1 Electrical System Allowance

3.9.1.a Description & Assessment:

The electrical system generally appears to be in fair condition with no reported issues.

3.9.1.b Recommendation:

We have provided an allowance for the periodic replacement of electrical components, such as distribution panels, disconnect switches, splitters, and bus bars. Further, includes an allowance for the hydro connection to the building.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electrical System Allowance	$30,000	2030	Periodic Repairs

3.9.2 Transformers

3.9.2.a Description & Assessment:

There is a transformer that feeds the main switchgear, which is understood to be located within the hydro-vault. The transformer appears to be operational.

3.9.2.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Transformers	N/A	N/A	

3.9.3 Main Switchgear and MCC:

3.9.3.a Description & Assessment:

The main switchgear is located in the electrical room, with three cells, rated 347/600 V, 1600 A. The motor control center (MCC) is located in the Mechanical Room and functions as a controller for the water-source heat pumps and related machinery.

The systems are understood to be currently in fair condition.

3.9.3.b Recommendation:

We have budgeted for the replacement and significant upgrades to these systems as they are generally nearing the end of their life cycle.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Main Switch Gear	$200,000	2035	General Replacement
Service Distribution Panels	$50,000	2035	Partial Replacements

3.9.4 Uninterruptible Power Supply Units:

3.9.4.a Description & Assessment:

There are two Uninterruptible Power Supply Units (UPS) located within the addition in the LAN room, and the second is located in Electrical Room #1.

They are understood to be functional and installed at the time of the addition's completion.

3.9.4.b Recommendation:

We have budgeted for the replacement.

Recommended Budgets / Timings:

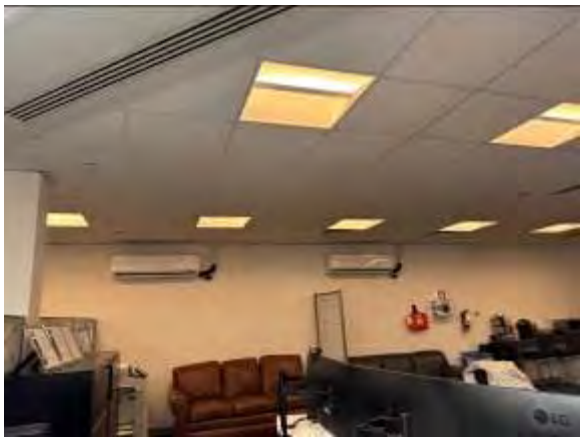
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
UPS	$100,000	2030	General Replacement

Lighting

3.9.5 Interior Lighting:

3.9.5.a Description & Assessment:

The interior LED lighting is in a variety of ceiling-mounted fixtures. The fixtures appeared to be in fair condition.



3.9.5.b Recommendation:

Budgets are included within the ceiling and wall repairs and have not been budgeted for individually.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Lighting	N/A	N/A	

3.9.6 Site Lighting:

3.9.6.a Description & Assessment:

There are some wall-mounted site lighting fixtures. They appeared to be in fair condition.

3.9.6.b Recommendation:

We have budgeted for general replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Site Lighting	$15,000	2032	General Replacement

3.9.7 Pole Mounted Lighting:

3.9.7.a Description & Assessment:

There are pole-mounted LED fixtures within the parking and rear storage areas. The lights appear to be functional.

3.9.7.b Recommendation:

Replacement is not anticipated within the timeframes of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Pole Mounted lighting	N/A	N/A	

Ancillary

3.9.8 CCTV Cameras:

3.9.8.a Description & Assessment:

CCTV cameras appear to be in fair condition. [redacted].

3.9.8.b Recommendation:

We have budgeted for the replacement of the cameras and head system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CCTV Cameras	$85,000	2034	General Replacements

3.9.9 Card Access Control System:

3.9.9.a Description & Assessment:

It is understood that [redacted]. We understand that it is currently operating normally.

3.9.9.b Recommendation:

We have budgeted for future upgrades and localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Card Access Control Systems	$100,000	2034	General Replacements

3.10 Elevators

3.10.1 Elevator:

3.10.1.a Description & Assessment:

We understand that there is an Otis hydraulic elevator Model No. ABA21241U,

S.No. 14481038. We understand the elevators were previously modernized in 2010. These systems were reviewed and form the basis of a separate report created by Others regarding functionality and budgets.

3.10.1.b Recommendation:

We have not budgeted for the replacement or repairs of these components within this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Elevator	N/A	N/A	

3.11 Miscellaneous

3.11.1 AED Units:

3.11.1.a Description & Assessment:

There are several AED throughout the complex. Due to the nature of the devices, they must be replaced on a regular schedule.

3.11.1.b Recommendation:

We have assumed that replacements will be completed on an as-needed basis, using funds from the Operating Budgets.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
AED Units	N/A	N/A	

3.11.2 EV chargers:

3.11.2.a Description & Assessment:

There are a few EV chargers at the front of the parking. Some of them appear to be installed in 2024.

3.11.2.b Recommendation:

We have provided allowances for the partial replacement of EV chargers.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
EV Chargers	$ 20,000	2033	Partial Localized Replacement

3.11.3 Solar Panels:

3.11.3.a Description & Assessment:

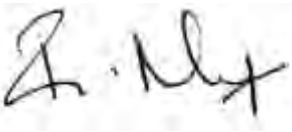
There are solar panels on the main roof, which is understood to be the responsibility of the third party and not budgeted in this report.

4.0 COST SUMMARY

The table presented at the beginning of this report is a summary of the costs presented in this report. These costs are based on estimated quantities and/or our experience with similar projects. They are meant as an order of magnitude budget estimates only and are subject to confirmation by competitive tendering and when the repairs are actually carried out. All numbers are shown in 2025 dollars.

Should you wish to review matters further, please let us know.

Yours truly,
BROWN & BEATTIE LTD.



Manoj Ramakrishnan, CVT, EIT

Scott Holden, Dip.Tech.

Allan Au-Duong, P.Eng.

Please note *this report was based on a visual assessment of the accessible areas only. Unless noted specifically, no intrusive or destructive testing was completed during this assessment. Technical specifications should be prepared for any work decided upon as a result of this report. The material in this report reflects best judgement in light of the information available and does not imply fitness for a particular purpose and should not be considered a verification of past or present regulations. Brown & Beattie Ltd. cannot be held responsible for any deficiencies that may be found within inaccessible areas by others, which have not been documented in this report. Copies of this report are subject to authentication from the writer. Brown & Beattie Ltd. accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. Use of this report or any other aspect of our service is not authorized until and unless our account is paid in full and on time.*

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

BUILDING CONDITION ASSESSMENT REPORT

AT

Elexicon Energy Inc.
1395 Thorah Concession Road 6,
Beaverton, Ontario

PREPARED FOR:

Elexicon Energy Inc.

Devin Rolfe

DATE:
April 21, 2025

REFERENCE:

Ref. Thorah1395.bca/r

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588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

EXECUTIVE SUMMARY

The subject site is located at 1395 Thorah Concession Road 6 in Beaverton and includes a single-story main building, a steel-frame outbuilding and a steel storage shed. The date of original construction of the main building is 1982, with renovations occurring in 2001. The main building is approximately 3,600 ft2.

Elexicon Energy Inc. engaged Brown & Beattie Building Sciences with the intent to conduct Visual Building Condition Assessment of the subject Building using the best tools and equipment to assess the physical and structural soundness of the building.

Based on our review, the building appears to be in generally fair condition with some noted issues, including leakage issues in the roof and skylights. We have listed the items in the table below with the recommended budgets and timings.

Short Term Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Recommendations:
Overhead Doors	$140,000	2030	Replacement of Overhead Doors
Wire Fencing	$60,000	2027	Localized Replacement

We understand the building has been periodically locally repaired since it was built. As such, the various building components remain in variable but mostly fair condition. Major repairs that are understood to have been completed within about the last 10 years include to:

- Replacement of the main roof
- Replacement of the asphalt pavement
- Renovation of the main building interior spaces

Based upon our review of the site, the condition and expected life of the various building systems, and our understanding of the building standards that you wish to maintain, we expect that the capital projects in the table below will be required within the 10-year timeframe of this report.

1395 Thorah Concession 6, Beaverton
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Annual Expected Costs		-$50,000	-$50,000	-$60,000		-$25,000	-$150,000		-$40,000	-$30,000	-$50,000	-$35,000
Item	Building Element											
	STRUCTURE:											
3.1	Building Structure											
3.2	Foundation Walls											
	ROOFS:											
3.3.1	Garage Roof - Heat Tracing	$25,000										
3.3.2	Eavestroughing	$25,000										
	WALLS:											
3.4.1	Vinyl Siding - Localized Wall Repairs		$25,000									
3.4.2	Sealants		$10,000									
	WINDOWS AND DOORS:											
3.5.1	Windows											
3.5.2	Overhead Doors						$140,000					
3.5.3	Exterior Metal & Glazed Entry Doors											
	INTERIOR FINISHES											
3.6.1	Office Interior											
	SITE SERVICES:											
3.7.1	Asphalt Pavement											
3.7.2	Wire Fencing			$60,000								
3.7.3	Gate Entrances										$35,000	
3.7.4	Steel Outbuilding											
3.7.5	Steel Storage Shed		$5,000									
3.7.6.a	Landscaping - General								$5,000			
3.7.6.b	Landscaping - Tree Maintenance					$25,000						
	MECHANICAL SYSTEMS:											
	FIRE SAFETY											
3.8.1	Generator											
3.8.2	External Propane Tank										$10,000	
	HEATING/COOLING											
3.8.3	Propane Furnace											$15,000
3.8.4	Garage Gas-Fired Heaters									$20,000		
3.8.5	A/C unit		$10,000									
	SITE											
3.8.6	Sanitary System						$5,000					
3.8.7	Domestic Water Supply									$10,000		
	PLUMBING											
3.8.8	Replace Domestic Water Heater								$5,000			
3.8.9	Replace Domestic Water Filtration System								$30,000			
	ELECTRICAL SYSTEMS:											
	MAIN DISTRIBUTION											
3.9.1	Electrical System Allowance						$5,000					$5,000
	LIGHTING											
3.9.2	Site Lighting											
3.9.3	Pole Mounted Lighting											
	ANCILLARY											
3.9.4	Security System - CCTV Cameras											$15,000
3.9.5	Card Access Control System										$5,000	
	MISCELLANEOUS:											
3.10.1	AED Units											

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

April 21, 2025 Ref. Thorah1395.bca/r

Elexicon Energy Inc.
55 Taunton Road East
Ajax, ON L1T 3V3

Attention: Devin Rolfe **drolfe@elexiconenergy.com**

Re: Elexicon Energy Inc.
1395 Thorah Concession Road 6, Beaverton
Building Condition Assessment Report

As requested, we have carried out an assessment of the building elements discussed herein at this address and have summarized our findings below. We understand an estimated cost of future capital projects related to maintaining specific building components in a sound and serviceable condition over a 10-year time frame is required. Our timings for recommended expenditures include specific years, as requested, however it should be appreciated the timing for the majority of projects is somewhat discretionary over a period of several years.

The following consultants carried out this investigation:

- Brown & Beattie Ltd. Structure, Building Envelope, Mechanical, Electrical, and Roofing

1.0 INTRODUCTION & BUILDING DESCRIPTION

The subject site is located at 1395 Thorah Concession Road 6 in Beaverton and includes a single-story main building, a steel-frame outbuilding and a steel storage shed. The date of original construction of the main building is 1982, with renovations occurring in 2001. The main building is approximately 3,600 ft2.

The main building is a concrete block wall building clad primarily in vinyl siding.

For the purposes of this report, it is assumed that Thorah Concession Road 6 runs east-west, with the building located on the north side of the street.

Our site investigation was carried out on March 25, 2025, and included a general review of the entire building and exterior area and a discussion with building staff.

We have not reviewed construction drawings or calculations, environmental or concealed conditions. This is not a full Code Compliance or Structural Assessment of the building, though we have provided comments on applicable codes where appropriate. Photographs included with this report were taken during our inspection.

Specifications should be prepared as part of any work detailed herein, including further destructive testing as considered necessary. Estimated costs contained within this report should be confirmed through competitive tendering.

2.0 LIMITATIONS

This investigation is designed to provide sufficient information to enable the selection of a suitable repair strategy, while trying to balance the cost of obtaining this information. It is likely that conditions not uncovered by this investigation exist, which may affect the costs or effectiveness of the recommended repairs. This assessment is not meant to eliminate uncertainty regarding the potential for existing or future costs, hazards or losses. No destructive investigation or testing was carried out as part of this assignment.

Our recommendations are based on our experience and on generally accepted practice. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. Timeframes represent judgements based on apparent conditions and ultimate repair/replacements may vary from our estimates.

Our recommendations are based primarily on technical considerations. We would be pleased to review with you how the final course of action can also take into account your financial and operational requirements. In general, delay in effecting repairs potentially results in increased costs associated with progressive deterioration, and phasing the work will increase related mobilization costs. Of

course, increasing initial repair extents and related costs reduces the later maintenance and repair costs.

Cost estimates presented in this report are based on estimated quantities and our experience with similar projects. They are meant as order of magnitude budget estimates only (in present Canadian dollars) and are subject to confirmation by competitive tendering and when the repairs are actually carried out. Cost estimates include HST and an allowance for engineering. We have not included costs associated with building modifications or interior upgrades.

The recommendations made in this report are based on the information available at this time. Should the associated restoration work reveal additional information, the recommendations may have to be revisited.

We have not reviewed structural calculations, concealed conditions, building signage, thermal scans, accessibility, specialized equipment, designated substance survey, FFE (furniture, fixtures and equipment) in our investigation.

This report should be read in its entirety.

A specification should be prepared for any of the work recommended herein to facilitate proper workmanship and material use and to obtain competitive bids from suitably qualified contractors. Competent site review should be carried out during the course of the remedial work to facilitate compliance with the specified requirements and as required to review previously unidentified conditions.

This report is intended for the named client. Use of this report by a third party or reliance on or decisions made based on it is the responsibility of such third parties.

3.0 BUILDING OBSERVATIONS, ASSESSMENTS AND CONCLUSIONS

3.1 Building Structure:

The main building structure consists predominantly of conventional steel framing, including steel columns, beams and open-webbed steel joists. The floor structure is assumed to be a poured concrete slab.

None of the structural elements are exposed to the exterior, and thus progressive deterioration is not expected within study periods, unless the interior is used for purposes that exceed building design loads or conditions, which is beyond the mandate of this report to assess.

Significant expenditures related to the internal building structure are not anticipated within the timeframe of this report, beyond regular maintenance.

3.2 Foundation Walls:

3.2.1 Concrete Foundation Walls:

The majority of the assumed concrete foundation walls and footings below the building are concealed from review and are expected to last the life of the building, with minimal maintenance. Related waterproofing and/or perimeter drainage systems may eventually require attention, though beyond the timeframe of this report.

3.3 Roofing:

3.3.1 Main Building Roofing:

3.3.1.a Description & Assessment:

The sloped roof is covered with a commercial galvanized metal roofing system. We understand that roofing replacements were recently completed in 2022. The roof appeared to be in generally fair condition.

It is understood that there are plans to install heat tracing on the garage roof in the near future.

3.3.1.b Recommendation:

Replacement of the roofing system is not expected within the timeline of the report.

We have provided allowances for localized repairs and replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Heat Tracing	$25,000	2025	New installation

3.3.2 Eavestroughing:

3.3.2.a Description & Assessment:

There is prefinished aluminum eavestroughing located along the perimeter of the office building and the steel-frame outbuilding. The eavestroughing at the front of the office building is understood to have been recently damaged due to ice.

It was noted that there is significant vegetation within the eaves at the steel outbuilding.

It was noted that several of the leaders were short of the ground or the extensions had been damaged.

The eavestroughs appeared to be in generally poor condition.

3.3.2.b Recommendation:

We have budgeted for the general replacement of the eavestroughs at both buildings due to current damage and significant maintenance requirements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Eavestroughing	$25,000	2025	General Replacement

3.4 Exterior Walls

3.4.1 Vinyl Siding:

3.4.1.a Description & Assessment:

There is vinyl siding on the exterior walls. We understand the vinyl siding was installed in 2001. Some damage to the siding was noted at the front entrance where an awning was reportedly damaged by failing ice. Further damage was noted around the perimeter at grade level.

The siding is in generally fair condition, with some areas of localized damage as noted previously.

3.4.1.b Recommendation:

We have provided allowances for localized repairs and replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Localized Wall Repairs	$25,000	2026	Periodic Repair Allowance

3.4.2 Exterior Caulking:

3.4.2.a Description & Assessment:

Exterior sealants caulking is currently located around exterior window and door frames, and at other building joints. The sealants around the window perimeters appear to be in poor condition, with cracking and debonding noted.

The exterior sealants are generally flexible and in fair condition.

3.4.2.b Recommendation:

We recommend that general replacement be completed in conjunction with the exterior wall restoration above.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sealant Replacement	$10,000	2026	Replacement Allowance

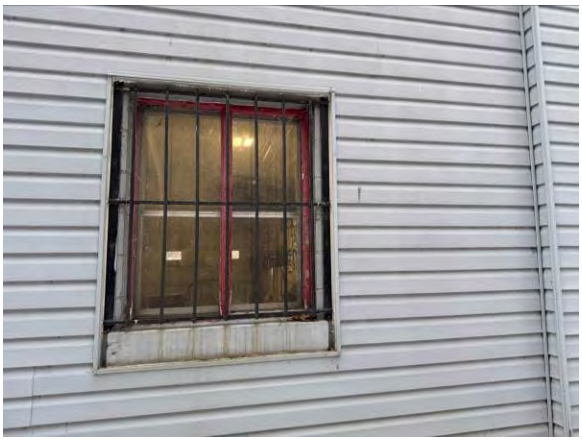
3.5 Windows & Doors

3.5.1 Windows:

3.5.1.a Description & Assessment:

The windows are aluminum frames with fixed double glazed units. The windows appear to be installed on brick/block sills that appear to be part of the building's original structure.

Based on the age of the window systems, it is unlikely, in our experience, that the window assemblies include ‘interior’ or ‘sub-sill’ membrane flashings, as in our experience is considered good practice to avoid deterioration of framing and wall components and damage to finishes should failure of the windows integral seals occur (as has evidently occurred as discussed elsewhere in this report). Further intrusive investigation and destructive testing would need to be carried out to confirm the presence or absence of concealed components.



The windows appear to be in generally fair condition.

3.5.1.b Recommendation:

The replacement of the windows is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Windows	N/A	N/A	

3.5.2 Overhead Doors:

3.5.2.a Description & Assessment:

There are four overhead doors at the main building and one at the steel-framed outbuilding. It appears that one of the main building's doors was recently replaced. The remaining overhead doors appeared to be in generally poor to fair condition, with some impact damage noted.

3.5.2.b Recommendation:

We have budgeted for the replacement of the remaining doors.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door	$140,000	2030	Replacement

3.5.3 Exterior Metal & Glazed Entry Doors:

3.5.3.a Description & Assessment:

There are metal and glazed entry doors located around the perimeter of the building. These doors are in fair condition and can often last the life of the building with regular maintenance.

3.5.3.b Recommendation:

Replacement of these items is not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exterior Metal & Glazed Entry Doors	N/A	N/A	

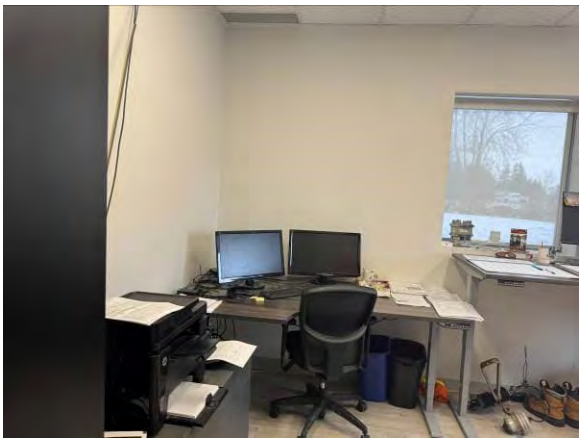
3.6 Interior Finishes

Where reviewed, the various interior finishes remain in fair condition at this time. Interior finishes are generally considered to be discretionary items and are not related to the overall performance of the building from a technical standpoint.

3.6.1 Office Interior:

3.6.1.a Description & Assessment:

The office portion of the building includes an office, kitchen and washroom area with a shower stall. It is understood that the interior of the building was renovated within the last 3 years. The finishes appeared to be in fair condition.



3.6.1.b Recommendation:

The repairs or replacements within these areas are not expected within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Office Interior	N/A	N/A	

3.7 Site Finishes

The site includes a variety of “hard” and “soft” landscaping features. Hard features would include pavements, site walls, etc., while soft features refer more to landscaping, gardens and leisure areas such as the barbecue area.

3.7.1 Asphalt Pavement:

3.7.1.a Description & Assessment:

The asphalt pavement is located throughout the storage area and parking areas of the property. The asphalt is understood to have been replaced in the last 5 years. The asphalt appeared to be in fair condition.

3.7.1.b Recommendation:

The repairs and replacement of the asphalt are not expected to be completed within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Asphalt Pavement	N/A	N/A	

3.7.2 Wire Fencing:

3.7.2.a Description & Assessment:

There is a woven wire and wood post fence that runs along the perimeter of the property. The fence is noted to be in poor condition along the south and east border of the property.

3.7.2.b Recommendation:

We have budgeted for the replacement of the damaged areas of the fence.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Wire Fencing	$60,000	2027	Localized Replacements

3.7.3 Gated Entrances:

3.7.3.a Description & Assessment:

There is [redacted]. The gate appeared to be operating in fair condition.

3.7.3.b Recommendation:

We have budgeted for future replacement.

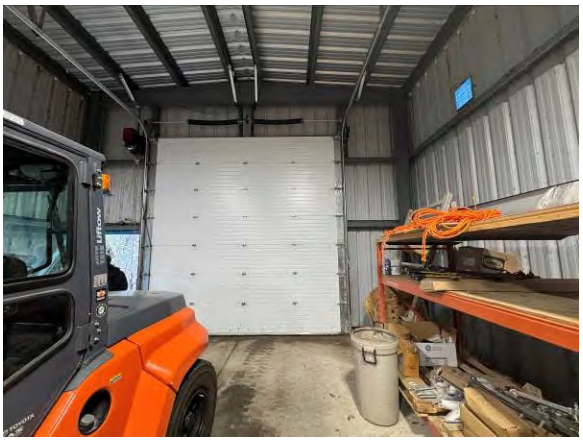
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gate Entrance	$ 35,000	2034	General Replacement

3.7.4 Steel Outbuilding:

3.7.4.a Description & Assessment:

The steel outbuilding structure features a steel post-and-beam design, with a corrugated steel roof and walls, supported by solid steel framing, located in the northwest corner of the property. The building appears to be in generally fair condition.



3.7.4.b Recommendation:

The repairs or replacements of this item are not expected to be completed within the timeline of the report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Steel Outbuilding	N/A	N/A	

3.7.5 Steel Storage Shed:

3.7.5.a Description & Assessment:

There is a steel-clad storage shed to the west of the office building. The shed appears to be on a concrete block foundation, which has experienced some impact damage. The shed's general structure appears to be in fair condition.

3.7.5.b Recommendation:

We have budgeted for localized repairs to the block foundation of the storage shed.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Steel Storage Shed	$ 5,000	2026	Localized Repairs

3.7.6 Softscape Landscaping:

3.7.6.a Description & Assessment:

The general softscape areas appear to be well-maintained, with some minor areas of deterioration and erosion noted around the perimeter of the office building.

3.7.6.b Recommendation:

We have budgeted for localized grading, landscaping and periodic tree maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Landscaping - General	$ 5,000	2032	Periodic Allowance
Landscaping - Tree Maintenance	$ 25,000	2029	Periodic Allowance

3.8 Mechanical Systems

Fire Safety Systems

3.8.1 Generator:

3.8.1.a Description & Assessment:

Emergency power is supplied by a propane emergency generator located near the southeast corner of the office building. The generator is a Generac Guardian, rated 18 kW.

The automatic transfer switch (ATS) is externally mounted on the building mounted adjacent to the hydro meter.

The generator is understood to be less than 5 years old.

3.8.1.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Generator	N/A	N/A	

3.8.2 External Propane Tank:

3.8.2.a Description & Assessment:

There is an external propane tank located to the east of the office building. The propane tank services the generator and office building. We understand there are no current issues with the tank.

3.8.2.b Recommendation:

We have budgeted for the refurbishment of the relief valves and other general maintenance required for the storage tank.

Recommended Budgets / Timings:

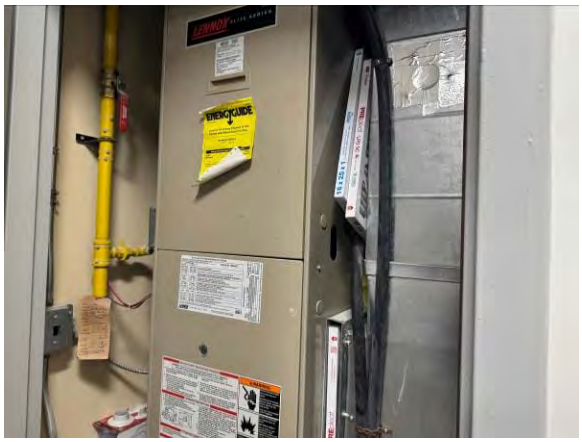
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
External Propane Tank	$10,000	2034	Refurbishment

Heating/Cooling

3.8.3 Furnace:

3.8.3.a Description & Assessment:

The heating for the building is completed by a Lennox propane gas-fired furnace. It is understood that the furnace was converted to a propane source in 2002. The furnace is understood to be in fair operational condition.



3.8.3.b Recommendation:

We have budgeted for the future replacement of the furnace system..

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Propane Furnace	$15,000	2035	General Replacement

3.8.4 Garage Gas-Fired Heaters:

3.8.4.a Description & Assessment:

There are two ceiling-mounted gas fire heaters within the garage and mechanic bay. The gas heaters appeared to be in fair condition.

3.8.4.b Recommendation:

Budgets for the replacement of the heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gas-Fired Heaters	$20,000	2033	General Replacement

3.8.5 A/C Units:

3.8.5.a Description & Assessment:

There is a Lennox A/C unit serving the office building. Based on the serial number, the unit was manufactured in 2003. It operates with R-22 refrigerant, the use of which has been largely discontinued since January 1, 2020, and is becoming harder to source and service. At present, there are no known issues with the system.

3.8.5.b Recommendation:

We have budgeted for the replacement of the air conditioning unit due to the current refrigerant systems.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A/C Unit	$10,000	2026	General Replacement

Site

3.8.6 Sanitary System:

3.8.6.a Description & Assessment:

The property is serviced by an in-ground septic system. The tanks are located at the eastern border of the property, with the tank access located near the northeast corner of the office building. It is understood that the tanks were recently serviced and no issues were reported.

3.8.6.b Recommendation:

With a regular maintenance program being completed. Significant repairs of the system are not anticipated within the timeframe of this report.

We have provided allowances for localized repairs to the pump and septic structure, on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sanitary System	$5,000	2030	Periodic Localized Repairs

3.8.7 Domestic Water Supply:

3.8.7.a Description & Assessment:

The domestic water supply is supplied by an on-site well. The well pump is located within the mechanical closet within the bathroom area. There are no reported issues with the system.

3.8.7.b Recommendation:

With a regular maintenance program being completed. Significant repairs of the system are not anticipated within the timeframe of this report.

We have provided allowances for localized repairs to the pump and well structure, on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water	$10,000	2033	Periodic Localized Repairs

Plumbing

3.8.8 Domestic Hot Water Heaters:

3.8.8.a Description & Assessment:

It is understood that the hot water tank for the building is located within the attic area of the office building, as per the drawings provided. It is understood that the heater is operating in fair condition.

3.8.8.b Recommendation:

We have budgeted for the general replacement of the water heater.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Hot Water Heater	$5,000	2032	General Replacement

3.8.9 Domestic Water Filtration:

3.8.9.a Description & Assessment:

The domestic water has a filtration system that includes a water softener, sediment filter and UV purification system. We understand the system was installed in 2002 and the UV light is regularly maintained. The system is understood to be operating in fair condition.

3.8.9.b Recommendation:

We have budgeted for general replacement of the system as it nears the end of its life cycle.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Water Filtration System	$30,000	2032	General replacement

3.9 Electrical Systems

Main Distribution

3.9.1 Electrical System Allowance

3.9.1.a Description & Assessment:

The electrical system generally appears to be in fair condition with no reported issues.

3.9.1.b Recommendation:

We have provided an allowance for the periodic replacement of electrical components, such as distribution panels, disconnect switches, splitters, and bus bars. Further, includes an allowance for the hydro connection to the building.

Recommended Budgets / Timings:

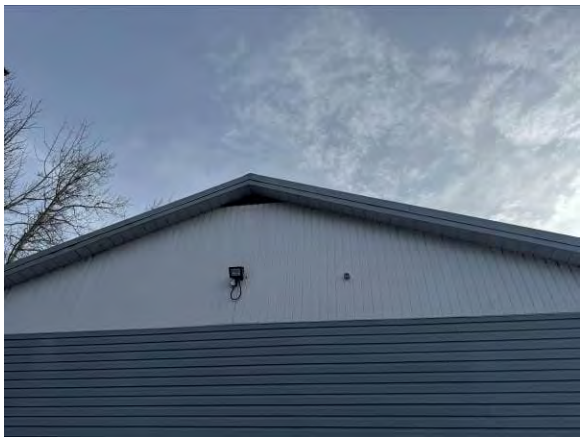
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electrical System Allowance	$5,000	2030	Periodic Repairs

Lighting

3.9.2 Site Lighting:

3.9.2.a Description & Assessment:

There are a few wall-mounted site lighting fixtures. They appeared to be in fair condition.



3.9.2.b Recommendation:

Replacement is assumed to occur on an as-needed basis from operating budgets.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Site Lighting	N/A	N/A	

3.9.3 Pole Mounted Lighting:

3.9.3.a Description & Assessment:

There are pole-mounted LED fixtures within the parking and rear storage areas. The lights appear to be functional.

3.9.3.b Recommendation:

Replacement is not anticipated within the timeframes of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Pole Mounted Lighting	N/A	N/A	

Ancillary

3.9.4 CCTV Cameras:

3.9.4.a Description & Assessment:

CCTV cameras appear to be in fair condition. [redacted]

3.9.4.b Recommendation:

We have budgeted for the replacement of the cameras and head system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CCTV Cameras	$15,000	2035	General Replacements

3.9.5 Card Access Control System:

3.9.5.a Description & Assessment:

It is understood that [redacted] We understand that it is currently operating normally.

3.9.5.b Recommendation:

We have budgeted for future upgrades and localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Card Access Control Systems	$5,000	2034	General Replacements

3.10 Miscellaneous

3.10.1 AED Units:

3.10.1.a Description & Assessment:

There is an AED mounted within the office building. Due to the nature of the devices, they must be replaced on a regular schedule.

3.10.1.b Recommendation:

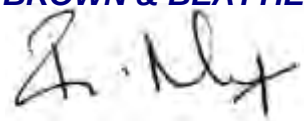
We have assumed that replacements will be completed on an as-needed basis, using funds from the Operating Budgets.

4.0 COST SUMMARY

The table presented at the beginning of this report is a summary of the costs presented in this report. These costs are based on estimated quantities and/or our experience with similar projects. They are meant as an order of magnitude budget estimates only and are subject to confirmation by competitive tendering and when the repairs are actually carried out. All numbers are shown in 2025 dollars.

Should you wish to review matters further, please let us know.

Yours truly,
BROWN & BEATTIE LTD.



Manoj Ramakrishnan, CVT, EIT

Scott Holden, Dip.Tech.

Allan Au-Duong, P.Eng.

Please note *this report was based on a visual assessment of the accessible areas only. Unless noted specifically, no intrusive or destructive testing was completed during this assessment. Technical specifications should be prepared for any work decided upon as a result of this report. The material in this report reflects best judgement in light of the information available and does not imply fitness for a particular purpose and should not be considered a verification of past or present regulations. Brown & Beattie Ltd. cannot be held responsible for any deficiencies that may be found within inaccessible areas by others, which have not been documented in this report. Copies of this report are subject to authentication from the writer. Brown & Beattie Ltd. accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. Use of this report or any other aspect of our service is not authorized until and unless our account is paid in full and on time.*

Brown&Beattie
BUILDING SCIENCE ENGINEERING
588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

BUILDING CONDITION ASSESSMENT REPORT

AT

Elexicon Energy Inc.
100 Taunton Road East
Whitby, Ontario

PREPARED FOR:

Elexicon Energy Inc.
and
Devin Rolfe

DATE:
April 21, 2025

REFERENCE:

Ref. Taunton100.bca/r

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588 Edward Avenue, Unit 49, Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046 (Guelph Region) P 519-827-1757

EXECUTIVE SUMMARY

The subject site is located at 100 Taunton Road East in Whitby and includes a large two-story complex. The complex was originally constructed in 1992. The footprint of the original structure is approximately 48,200 ft2.

Elexicon Energy Inc. engaged Brown & Beattie Building Sciences with the intent to conduct Visual Building Condition Assessment of the subject Building using the best tools and equipment to assess the physical and structural soundness of the building.

Based on our review, the building appears to be in generally fair condition with some noted issues, including leakage issues in the roof and skylights. We have listed the items in the table below with the recommended budgets and timings.

Short Term Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Recommendations:
Interior Finishes & Lobby Refurbishment	$550,000	2030	Refurbishment of interior Finishes
Generator	$250,000	2030	Replacement
UPS	$150,000	2030	Replacement
Main Roof	$1,250,000	2034	Replacement
Windows	$1,100,000	2033	Replacement
Roof Top Units	$500,000	2034	Partial Replacement
BAS Systems	$125,000	2034	Replacement
Main Switchgear	$200,000	2034	Major Repairs
Elevator	$150,000	2034	Modernization

We understand the building has been periodically locally repaired since it was built. As such, the various building components remain in variable but mostly fair condition. Major repairs that are understood to have been completed within about the last 10 years include to:

- Replacement of main roof
- Replacement of pole mounted lights
- Replacement of backflow preventer

Based upon our review of the site, the condition and expected life of the various building systems, and our understanding of the building standards that you wish to maintain, we expect that the capital projects in the table below will be required within the 10-year timeframe of this report.

100 Taunton Rd, Whitby
10 Year Repair / Replacement Schedule

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Annual Expected Costs		**-$40,000**	**-$450,000**	**-$22,500**	**-$55,000**	**-$147,500**	**-$1,160,000**	**-$57,500**	**-$540,000**	**-$1,162,500**	**-$2,560,000**	**-$37,500**
Item	Building Element											
	STRUCTURE:											
3.2.1	Concrete Block Foundation Walls		$20,000									
	ROOFS:											
3.3.1.1	Flat Roofing - TPO - Original Office										$1,250,000	
3.3.1.2	Roof Maintenance/Investigation		$70,000									
3.3.2	Skylights										$40,000	
3.3.3	Roof Maintenance/Investigation			$7,500		$7,500		$7,500		$7,500		$7,500
	WALLS:											
3.4.1	Metal Panels					$25,000					$25,000	
3.4.2	Brick & Concrete Block Masonry					$10,000					$10,000	
3.4.3	Sealants		$50,000									
	WINDOWS AND DOORS:											
3.5.1	Windows									$1,100,000		
3.5.2	Front Entrance Doors											
3.5.3	Overhead Doors								$300,000			
3.5.4	Exterior Metal & Glazed Entry Doors											
3.5.5	Interior Entry Doors											
3.5.6	Automatic Door Openers				$15,000							
	INTERIOR FINISHES:											
3.6.1	Carpeting						$300,000					
3.6.2	Wall & Ceiling Finishes						$150,000					
3.6.3	Lobby Refurbishment						$100,000					
3.6.4.a	Washrooms											
3.6.4.b	Dry Rooms						$30,000					
3.6.4.c	Cafeteria						$100,000					
3.6.5	Interior Stairs - Leakage Repairs	$10,000										
3.6.6	Garage and Wash Bay							$30,000				
	SITE SERVICES:											
3.7.1	Interim Asphalt Pavement Repairs		$10,000					$10,000				
3.7.2	Concrete Walkways				$10,000					$10,000		
3.7.3	Chain Link Fencing										$25,000	
3.7.4	Gate Entrances	$30,000										
3.7.5.a	Steel Quonset - Overhead Door				$30,000							
3.7.5.b	Steel Quonset - Tube Heater		$15,000									
3.7.6.a	Softscape Landscaping - General								$30,000			
3.7.6.b	Softscape Landscaping - Tree Maintenance					$30,000						
3.7.7	Gate Arm											
3.7.8	Loading Dock		$30,000									
	MECHANICAL SYSTEMS:											
	FIRE SAFETY											
3.8.1.a	Generator						$250,000					
3.8.1.b	Replace Transfer Switch						$50,000					
3.8.2.a	Replace Fire Alarm Panel								$50,000			
3.8.2.b	Replace Fire Alarm System (Wiring and Devices)								$75,000			
3.8.2.c	Replace Fire Alarm System - Repairs		$10,000					$10,000				
3.8.3	Suppression System Repair					$20,000					$20,000	
	VENTILATION											
3.8.4.a	Rooftop Units										$500,000	
3.8.4.b	Rooftop Units - Garage		$100,000									
3.8.5	Roof Exhaust Fans		$60,000									
3.8.6	Gas-Fired Heaters								$70,000			
3.8.7	CO System		$40,000									
3.8.8	A/C Units					$20,000					$20,000	
	MISCELLANEOUS UNITS											
3.8.9	Supplemental Heaters			$15,000					$15,000			
	DISTRIBUTION											
3.8.10	Expansion Tank											
3.8.11	BAS System										$125,000	
	SITE											
3.8.12	Storm & Sanitary Connection and Drainage					$25,000						
3.8.13	Domestic Water Supply									$25,000		
3.8.14	Backflow Preventer											
	PLUMBING											
3.8.15	Replace Domestic Water Heaters		$30,000									
3.8.16	Replace Domestic Water Piping & Fittings					$10,000					$10,000	
3.8.17	Washer & Dryer											
3.8.18	Snuffers											
	ELECTRICAL SYSTEMS:											
	MAIN DISTRIBUTION											
3.9.1	Electrical System Allowance						$30,000					$30,000
3.9.2.a	Main Switchgear										$200,000	
3.9.2.b	Service Distribution Panels										$50,000	
3.9.3	Uninterruptable Power Supplies						$150,000					
	LIGHTING											
3.9.4	Interior Lighting											
3.9.5	Site Lighting - Fixtures		$15,000									
3.9.6	Pole Mounted Lighting											
	ANCILLARY											
3.9.7	Security System - CCTV Cameras										$85,000	
3.9.8	Card Access Control System										$50,000	
	MISCELLANEOUS:											
3.10.1	Elevators										$150,000	
3.10.2	EV Charger									$20,000		
3.10.3	Solar Panels											

Brown&Beattie
BUILDING SCIENCE ENGINEERING
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April 21, 2025 Ref. Taunton100.bca/r

Elexicon Energy Inc.
100 Taunton Road East
Whitby, ON L1R 3L5

Attention: Devin Rolfe drolfe@elexiconenergy.com

Re: Elexicon Energy Inc.
100 Taunton Road East, Whitby
Building Condition Assessment Report

As requested, we have carried out an assessment of the building elements discussed herein at this address and have summarized our findings below. We understand an estimated cost of future capital projects related to maintaining specific building components in a sound and serviceable condition over a 10-year time frame is required. Our timings for recommended expenditures include specific years, as requested, however it should be appreciated the timing for the majority of projects is somewhat discretionary over a period of several years.

The following consultants carried out this investigation:

- Brown & Beattie Ltd. Structure, Building Envelope, Mechanical, Electrical, and Roofing

1.0 INTRODUCTION & BUILDING DESCRIPTION

The subject site is located at 100 Taunton Road East in Whitby and includes a large two-story complex. The complex was originally constructed in 1992. The footprint of the original structure is approximately 48,200 ft2.

The building is clad primarily in brick & concrete block masonry, and metal cladding.

The site includes a rear storage area with an additional outbuilding.

Our site investigation was carried out on March 27, 2025, and included a general review of the entire building and exterior area and a discussion with building staff.

We have not reviewed construction drawings or calculations, environmental or concealed conditions. This is not a full Code Compliance or Structural Assessment of the building, though we have provided comments on applicable codes where appropriate. Photographs included with this report were taken during our inspection.

Specifications should be prepared as part of any work detailed herein, including further destructive testing as considered necessary. Estimated costs contained within this report should be confirmed through competitive tendering.

2.0 LIMITATIONS

This investigation is designed to provide sufficient information to enable the selection of a suitable repair strategy, while trying to balance the cost of obtaining this information. It is likely that conditions not uncovered by this investigation exist which may affect the costs or effectiveness of the recommended repairs. This assessment is not meant to eliminate uncertainty regarding the potential for existing or future costs, hazards or losses. No destructive investigation or testing was carried out as part of this assignment.

Our recommendations are based on our experience and on generally accepted practice. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. Timeframes represent judgements based on apparent conditions and ultimate repair/replacements may vary from our estimates.

Our recommendations are based primarily on technical considerations. We would be pleased to review with you how the final course of action can also take into account your financial and operational requirements. In general, delay in effecting repairs potentially results in increased costs associated with progressive deterioration, and phasing the work will increase related mobilization costs. Of course increasing initial repair extents and related costs reduces the later

maintenance and repair costs.

Cost estimates presented in this report are based on estimated quantities and our experience with similar projects. They are meant as order of magnitude budget estimates only (in present Canadian dollars) and are subject to confirmation by competitive tendering and when the repairs are actually carried out. Cost estimates include HST and an allowance for engineering. We have not included costs associated with building modifications or interior upgrades.

The recommendations made in this report are based on the information available at this time. Should the associated restoration work reveal additional information, the recommendations may have to be revisited.

We have not reviewed structural calculations, concealed conditions, building signage, thermal scans, accessibility, specialized equipment, designated substance survey, FFE (furniture, fixtures and equipment) in our investigation.

This report should be read in its entirety.

A specification should be prepared for any of the work recommended herein to facilitate proper workmanship and material use and to obtain competitive bids from suitably qualified contractors. Competent site review should be carried out during the course of the remedial work to facilitate compliance with the specified requirements and as required to review previously unidentified conditions.

This report is exclusively intended for the named client. Any third-party use of this report or reliance on it, as well as any decisions made based on it, are the sole responsibility of such third parties.

3.0 OBSERVATIONS, ASSESSMENTS AND CONCLUSIONS

3.1 Building Structure:

The main building structure consists predominantly of conventional steel framing, including steel columns, beams and open-webbed steel joists. The floor structure appears to consist of poured concrete.

None of the structural elements are exposed to the exterior, and thus progressive deterioration is not expected within study periods, unless the interior is used for purposes that exceed building design loads or conditions, which is beyond the mandate of this report to assess.

Significant expenditures related to the internal building structure is not anticipated within the timeframe of this report, beyond regular maintenance.

3.2 Foundation Walls:

3.2.1 Concrete Block Foundation Walls:

3.2.1.a Description & Assessment:

The foundation walls of the building appear to be concrete block construction. The foundation walls did not appear to be parged at exposed areas.

3.2.1.b Recommendation:

We recommend installing parging along the exposed areas of the foundation to help minimize deterioration of the concrete block foundation walls.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Block Foundation Walls	$20,000	2026	Parging

3.3 Roofing:

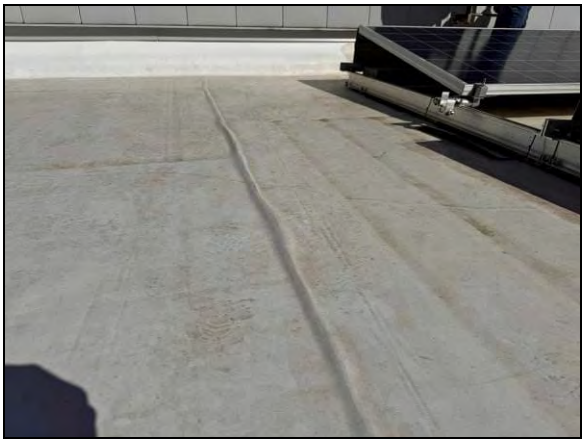
3.3.1 Main Building Roofing:

3.3.1.a Description & Assessment:

The flat roofing on each section of the building consists of a TPO (Thermoplastic Polyolefin) system. It is understood that the original building's roof was replaced approximately 7 years ago with the addition of solar panels after roofing

replacement.

The nature of single-ply roofing systems is that they are highly dependent upon good workmanship and good installation details since any deficiencies in the membrane installation can result in leakage. Other commonly used roofing systems can include multiple layers of roofing material (including the 4-ply built-up roofing), which, in our experience, provides greater inherent redundancy than single-ply systems. This lack of redundancy also increases the risk of mechanical damage.



The roof generally appears to be in fair condition. There were some areas of ponding and roof ridges noted on both the upper and lower roof.

We understand there are reports of leakage below the make-up air unit located above the [redacted]. This leak appears to be active for approximately the past 5 years.

3.3.1.b Recommendation:

Overall, our review of the roof found it to be in generally fair condition and in a condition commensurate with its age. We recommend planning for replacement in approximately 10 years with interim localized repairs to address any leakage. It should be appreciated that the existing insulation may be able to be reused at the time of a roofing replacement, if not excessively water damaged from leakage. In our replacement budgets, we have carried for localized replacement of the insulation.

Recommended Budgets / Timings:

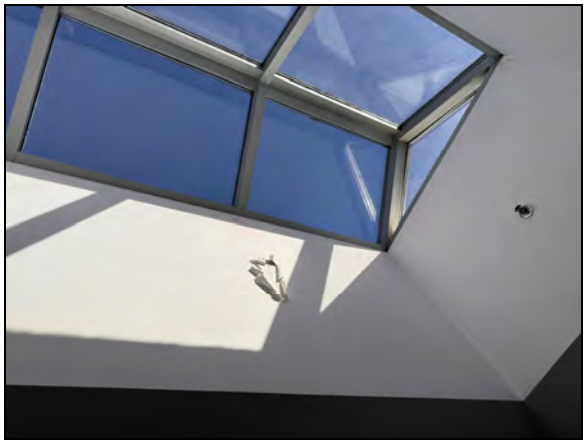
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Main Roof	$1,250,000	2034	General Replacement
Roof Repairs	$70,000	2026	Leakage Repairs
Roof Maintenance/Investigation	$7,500	2026	Periodic Localized Repairs

3.3.2 Skylights:

3.3.2.a Description & Assessment:

There are 2 skylights one above the front upper office and the other adjacent [redacted]. It is understood that these skylights have been previously refurbished and sealed. The sealants appear to be in fair condition.

We noted evidence of leakage at the underside of one of the skylights adjacent [redacted].



3.3.2.b Recommendation:

We have budgeted for the full replacement of skylights to be completed in conjunction with the roofing replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Skylights	$ 40,000	2034	General Replacement

3.4 Exterior Walls

The exterior walls of the building are primarily clad in metal panels and concrete block masonry. Other less predominant wall cladding components at the building include brick masonry which are generally located below windows.

Exterior sealants are currently located at building joints and around exterior window and door frames.

We are not aware of significant previous exterior cladding repairs / replacement being completed at the site.

3.4.1 Metal Panels:

3.4.1.a Description & Assessment:

The front building's walls consist of metal panels. The panels appear to be in generally fair condition, with some minor environmental staining noted.

3.4.1.b Recommendation:

We have provided allowances for localized repairs/replacements to the metal panels.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Localized Wall Repairs	$25,000	2029	Periodic Repair Allowance

3.4.2 Brick & Concrete Block Masonry:

3.4.2.a Description & Assessment:

Brick and concrete block masonry are located at other areas of exterior walls. Masonry appeared to be in fair condition with deterioration including spalling and cracks noted along the bottom of the walls.

3.4.2.b Recommendation:

We have provided allowances for localized repairs to the masonry.

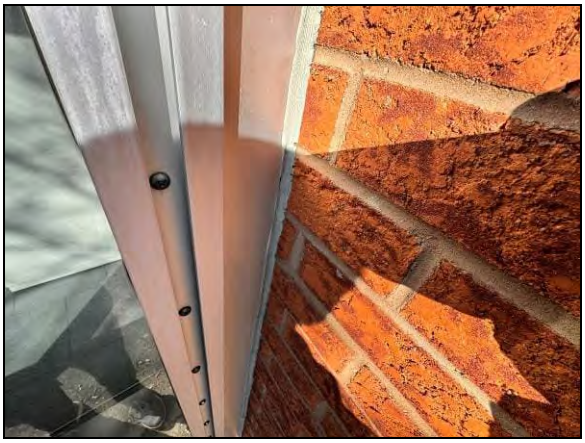
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Brick or Concrete Block Masonry	$10,000	2029	Localized repairs

3.4.3 Exterior Sealants:

3.4.3.a Description & Assessment:

Exterior sealants caulking is currently located around exterior window and door frames, between masonry and other building joints. Exterior building joint sealants appear to be in fair to poor condition, with cracking and debonding noted.



3.4.3.b Recommendation:

We recommend that general replacement be completed in conjunction with the exterior wall restoration above.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Sealant Replacement	$50,000	2026	Replacement Allowance

3.5 Windows & Doors

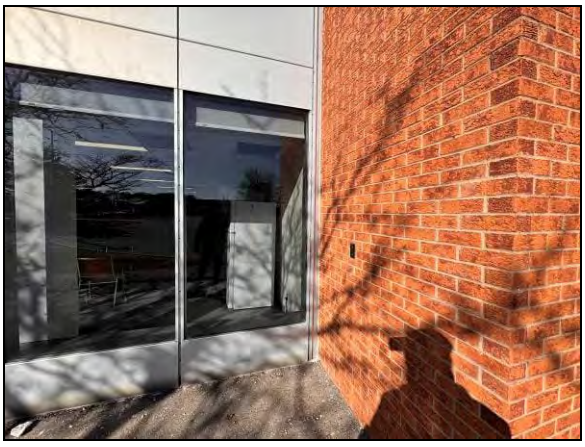
3.5.1 Windows:

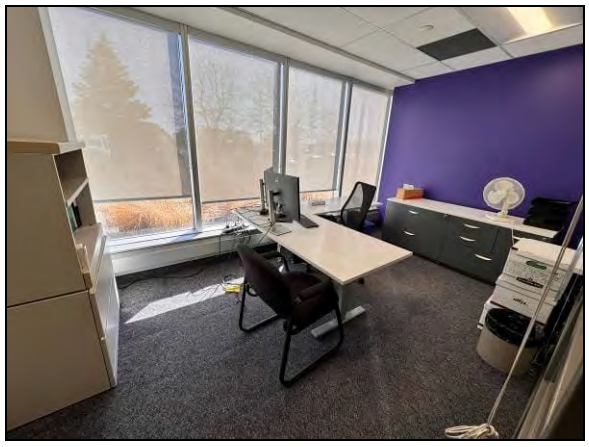
3.5.1.a Description & Assessment:

The windows include aluminum frames with double-glazed fixed types. Some of the windows at the rear building include a combination of paired single-glazed sliders with a fixed overhead type.

Based on the age of the window systems, it is unlikely, in our experience, that the window assemblies include ‘interior’ or ‘sub-sill’ membrane flashings, as in our experience is considered good practice to avoid deterioration of framing and wall components and damage to finishes should failure of the windows integral seals occur (as has evidently occurred as discussed elsewhere in this report). Further intrusive investigation and destructive testing would need to be carried out to confirm the presence or absence of concealed components.

The condition of the building's windows is in serviceable condition.





3.5.1.b Recommendation:

We have budgeted for the general replacement of the windows within the original section of the building. As the windows in this portion of the complex are nearing the end of their natural life cycle.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Windows	$1,100,000	2033	Window Replacement

3.5.2 Front Entrance Vestibule:

3.5.2.a Description & Assessment:

There is a set of double automatic entry doors servicing the front entrance of the building. These doors remain in fair condition.

3.5.2.b Recommendation:

We have budgeted for the replacement in conjunction with the window replacement. Budgets are included within the window project.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Front Entrance Vestibule	N/A	N/A	

3.5.3 Overhead Doors:

3.5.3.a Description & Assessment:

There are approximately 7 overhead doors throughout the complex including garage, wash bay, and shipping and receiving areas. The overhead doors appeared to be in generally fair condition with rusting noted along the bottom of the doors.

We understand one of the overhead doors was repaired recently.

3.5.3.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door	$300,000	2032	Replacement

3.5.4 Exterior Metal & Glazed Entry Doors:

3.5.4.a Description & Assessment:

There are some metal and glazed entry doors located around the perimeter of the building, including the garage, cafeteria, and shipping and receiving. These doors are in fair condition and can often last the life of the building with regular maintenance.

3.5.4.b Recommendation:

Replacement of these items is not expected within the timeline of the report.

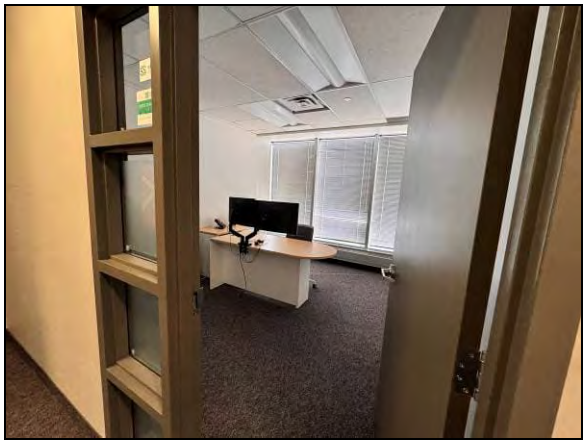
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exterior Metal & Glazed Entry Doors	N/A	N/A	

3.5.5 Interior Entry Doors:

3.5.5.a Description & Assessment:

There are several metal and glazed entry doors to the office areas, washrooms, mechanical and electrical rooms. These doors are in fair condition and can often last the life of the building with regular maintenance.



3.5.5.b Recommendation:

Partial replacement is budgeted within the interior finishes and need not be budgeted separately.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Entry Doors	N/A	N/A	

3.5.6 Automatic Door Openers:

3.5.6.a Description & Assessment:

There are a few automatic door openers at the front and rear entrances, which appear to be in operating condition.

3.5.6.b Recommendation:

We have budgeted for replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Automatic Door Opener	$15,000	2028	Replacement

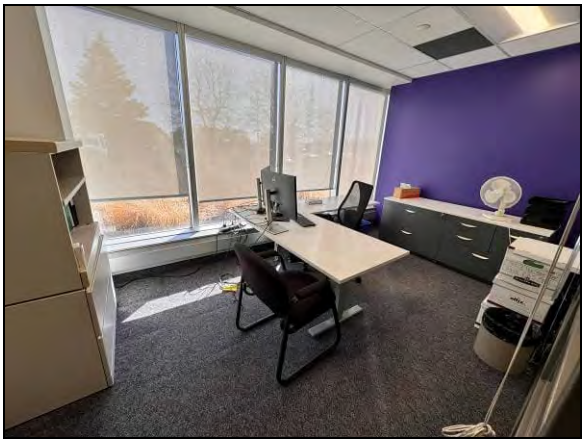
3.6 Interior Finishes

Where reviewed, the various interior finishes remain in fair condition at this time. Interior finishes are generally considered to be discretionary items and are not related to the overall performance of the building from a technical standpoint.

3.6.1 Building Carpeting:

3.6.1.a Description & Assessment:

Carpet and flooring appear to be in fair condition. We understand meeting room carpets were refurbished in 2024.



3.6.1.b Conclusion:

We have included an allowance for the replacement of corridor carpeting.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Building Carpeting	$ 300,000	2030	Replacement of the Flooring

3.6.2 Corridor Wall & Ceiling Finishes:

3.6.2.a Description & Assessment:

The building ceiling primarily consisted of drop tile panels and painted open steel webs. The walls were a combination of wallpaper and painted areas throughout the building. The finishes appear to be in fair condition.

3.6.2.b Recommendation:

We have included an allowance for the replacement of corridor wall & ceiling finishes.

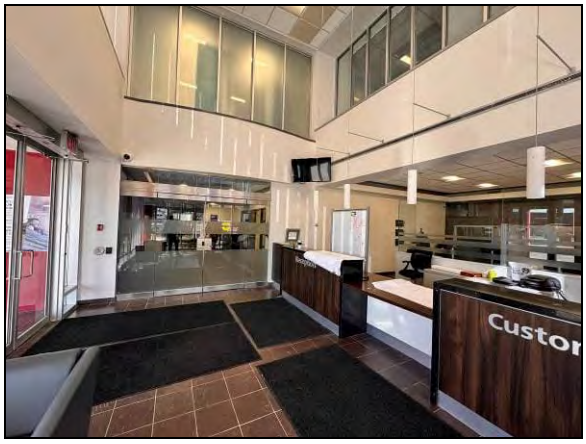
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Wall & Ceiling Finishes	$150,000	2030	Replacement of the Finishes

3.6.3 Lobby Refurbishment:

3.6.3.a Description & Assessment:

Lobby finishes appear to be in fair condition.



3.6.3.b Recommendation:

We have included an allowance for the lobby refurbishment.

Recommended Budgets / Timings:

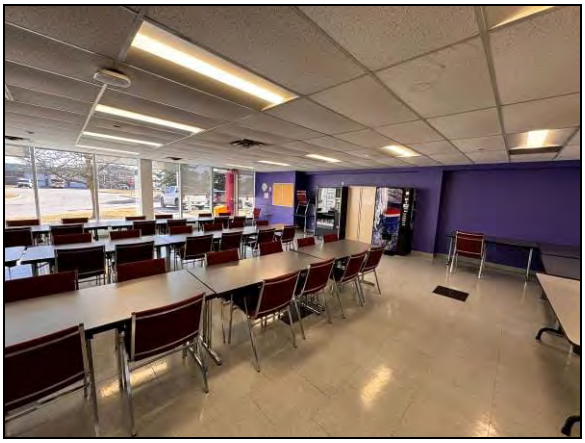
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Lobby Refurbishment	$100,000	2030	Refurbishment

3.6.4 Common Area Finishes:

Other common areas include:

- Cafeteria

- Washrooms
- Dry Rooms



We understand that all the washrooms were refurbished approximately 3 years ago. We have included an allowance for the refurbishment of other common area finishes.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Washrooms	N/A	N/A	
Dry Rooms	$30,000	2030	Refurbishment
Cafeteria	$100,000	2030	Refurbishment

3.6.5 Interior Stairs:

3.6.5.a Description & Assessment:

We understand there is a leakage at the interior stairs adjacent to the front entrance.

3.6.5.b Recommendation:

We have included an allowance for leakage repairs

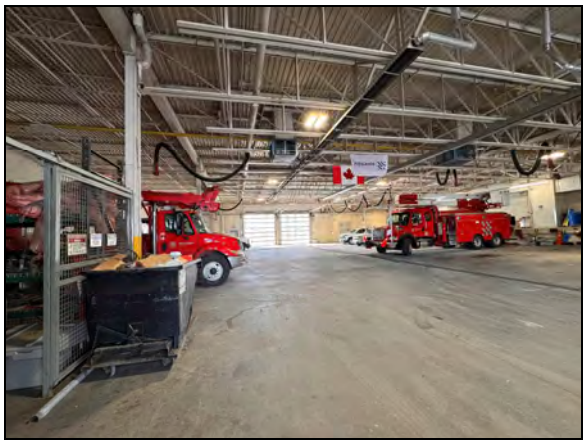
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Stair – Leakage Repairs	$10,000	2025	Leakage Repairs

3.6.6 Garage and Wash Bay:

3.6.6.a Description & Assessment:

The garage and wash bay finishes appear to be in fair condition. We understand localized concrete repairs were completed in 2024 around the trench drains. There is a loading dock which appears to be in operating condition.



3.6.6.b Recommendation:

We have included an allowance for the replacement of loading dock mechanism and for localized concrete repairs.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Loading Dock Mechanism & Concrete Repairs	$30,000	2031	Repairs

3.7 Site Finishes

The site includes a variety of “hard” and “soft” landscaping features. Hard features would include pavements, concrete curbs, concrete sidewalks, etc., while soft features refer more to landscaping, gardens and leisure areas.

3.7.1 Asphalt Pavement:

3.7.1.a Description & Assessment:

The asphalt pavement is located at the general parking areas around the perimeter of the building and the rear storage area of the complex. The parking area appears to be in generally fair condition with minimal deterioration noted.

3.7.1.b Recommendation:

We do not anticipate the replacement of the asphalt pavement. While localized repairs to the asphalt can be completed in the near term.

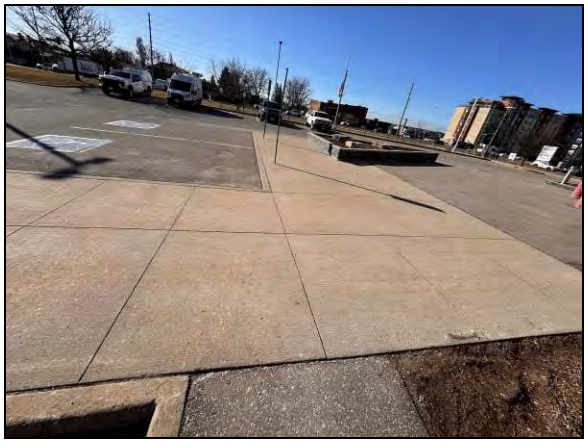
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Asphalt Pavement – Localized Repairs	$10,000	2026	Periodic Allowances

3.7.2 Concrete Walkways:

3.7.2.a Description & Assessment:

There are a few areas of concrete walkways around the perimeter of the complex. The walkways appeared to be in fair condition, with no areas of heaving noted.



3.7.2.b Recommendation:

We have budgeted for the replacement or repairs to the concrete walkways.

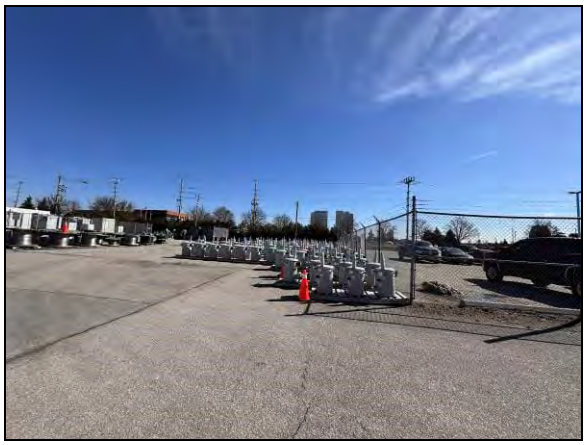
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Concrete Walkway	$10,000	2028	Periodic Allowances

3.7.3 Chain Link Fencing:

3.7.3.a Description & Assessment:

A 6ft high chain-link fence encloses the rear area of the property. The fencing appeared to be in fair condition.



3.7.3.b Recommendation:

We have budgeted for periodic repairs.

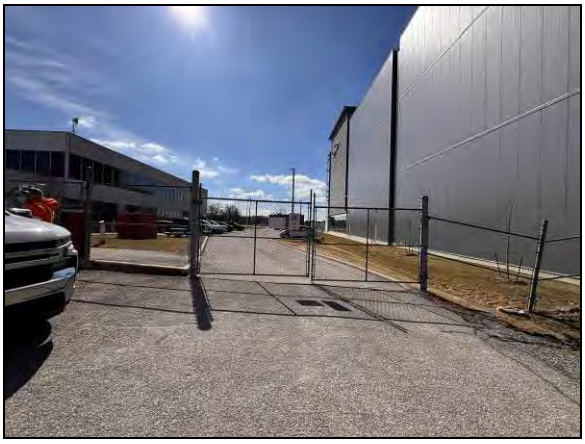
Recommended Budgets / Timings:

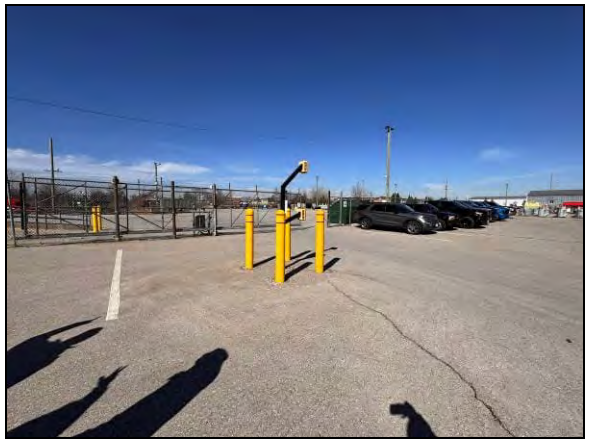
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Chain Link Fencing	$25,000	2034	Periodic Repair Allowance

3.7.4 Gated Entrances:

3.7.4.a Description & Assessment:

There are [redacted] The gates appeared to be operating in fair condition. We understand the gate [redacted] is getting replaced in the short term.





3.7.4.b Recommendation:

We have budgeted for future replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gate Entrance	$ 30,000	2025	General Replacement

3.7.5 Steel Quonset Outbuilding:

3.7.5.a Description & Assessment:

There is a steel Quonset building in the rear storage area of the property. The building appears to be in generally fair condition, with overhead door appeared to be in poor condition. The tube heater is understood to be not in operation.

3.7.5.b Recommendation:

We have budgeted for the replacement of the overhead door.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Overhead Door – Steel Quonset	$ 30,000	2028	Replacement of the overhead door
Tube Heater	$15,000	2026	Replacement of tube heater

3.7.6 Softscape Landscaping:

3.7.6.a Description & Assessment:

The general softscape areas appear to be well-maintained, and no areas of ponding or erosion were observed.

3.7.6.b Recommendation:

We have budgeted for localized grading, landscaping and periodic tree maintenance.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Landscaping - General	$ 30,000	2032	Periodic Allowance
Landscaping - Tree Maintenance	$ 30,000	2029	Periodic Allowance

3.7.7 Gate Arm:

3.7.7.a Description & Assessment:

There is a gate arm at the south entrance which appears to be in fair condition with localized deterioration and peeling paint.

3.7.7.b Recommendation:

We do not anticipate replacement of the gate arm within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gate Arm	N/A	N/A	

3.7.8 Loading Dock:

3.7.8.a Description & Assessment:

There is a loading dock on the west side of the property, which is understood to be not in operation.

3.7.8.b Recommendation:

We have budgeted for the replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Loading Dock	$30,000	2026	Replacement

3.8 Mechanical Systems

Our recommendations are based on our observations and the service contractor's reports.

Fire Safety Systems

3.8.1 Generator:

3.8.1.a Description & Assessment:

Emergency power is supplied by a hybrid of natural gas and diesel emergency generator located in the generator room. The generator is manufactured by Stamford and rated 120 KW.

There is a diesel tank manufactured by ZCL Composites Inc. with a capacity of 909 liters. The diesel tank was dated 2009.

There is an automatic transfer switch (ATS) for the Life-safety loads located in the Main Electrical Room#1.

The generator appears to be in fair and operating condition.

3.8.1.b Recommendation:

We have budgeted for the replacement of the generator and transfer switch.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Generator	$250,000	2030	Generator Replacement
Replace Transfer Switch	$50,000	2030	General Replacement

3.8.2 Fire Alarm System:

3.8.2.a Description & Assessment:

The main fire alarm system is a Mircom FX-2000 is located in the main electrical room. The panel is a single stage, addressable. There are approximately 25 zones.

The fire alarm system appears to be in operational condition with no reported issues.

3.8.2.b Recommendation:

We have budgeted for replacement. We have included a separate budget for the replacement of wiring and devices within the zones. An annual allowance to comply with annual fire inspections has been included.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Fire Alarm Panel	$50,000	2032	General Replacement
Fire Alarm – Wiring and Devices	$75,000	2032	Localized Rewiring
Replace Fire Alarm System – Repairs	$10,000	2026	Periodic Allowance

3.8.3 Suppression System:

3.8.3.a Description & Assessment:

The building has a wet sprinkler and standpipe system. There are three 4" wet valves located in the sprinkler room. The sprinkler system appeared to be functional, and we are unaware of any issues.

3.8.3.b Recommendation:

We have provided allowances for partial valve replacement and partial replacement of the wet sprinkler piping.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Suppression System	$20,000	2029	Localized Repairs

Ventilation

3.8.4 Make-up Air/Rooftop Units:

3.8.4.a Description & Assessment:

There are approximately eight Rooftop units that forms the HVAC system throughout the complex, providing heating and cooling.

OPS Room – Trane model TSC120FWRGA1F, S.No. 184514430L rated 18 KW. This appears to be replaced in 2017.
Lunch Room – Trane model TSC102HWRGA, S.No. 183110916L rated 18 KW. This appears to be replaced in 2018.
Main Office – Trane model SEHLF605NN00C99D7001A0W, S.No. C14M07506 gas fired heating and a cooling unit.

All units appear to be in fair condition except the two garage roof top units which are understood to not be working.

3.8.4.b Recommendation:

We have budgeted for the partial replacement of the units in the garage.

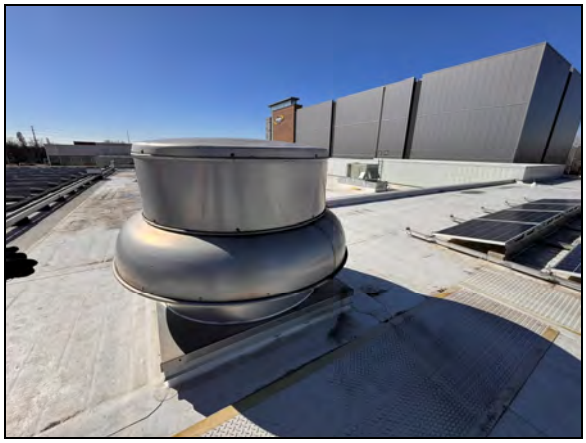
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Rooftop Units	$500,000	2034	General Replacement
Rooftop Units – Garage	$100,000	2026	General Replacement

3.8.5 Roof Exhaust Fans:

3.8.5.a Description & Assessment:

There are 2 exhaust fans on the roof above the shipping & receiving area. We understand the fans are not working.



3.8.5.b Recommendation:

Budgets for the replacement of exhaust fans.

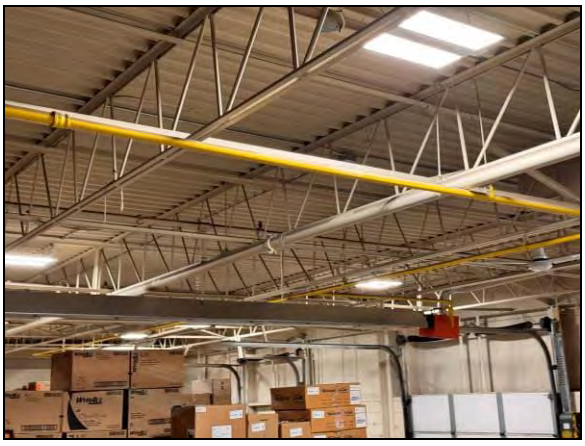
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Exhaust Fans	$60,000	2026	General Replacement

3.8.6 Garage Gas-Fired Heaters:

3.8.6.a Description & Assessment:

There are five ceiling-mounted gas fire heaters within the garage, shipping & receiving area, and rear shed area. The gas heaters is understood to be replaced approximately 9 years ago and appeared to be in fair condition.



3.8.6.b Recommendation:

Budgets for the replacement of the heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Gas-Fired Heaters	$70,000	2032	General Replacement

3.8.7 CO System:

3.8.7.a Description & Assessment:

A Carbon Monoxide (CO) detection system is located in the garage. The system appears to be old and there was no exhaust fan.

3.8.7.b Recommendation:

Budgets for replacement of the CO system and sensors with provisions to include an exhaust fan or connect it to other existing fans.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CO System	$40,000	2026	General Replacement

3.8.8 A/C Units:

3.8.8.a Description & Assessment:

There are several split A/C units serving several areas, including [redacted], camera/IT room, server room etc.

3.8.8.b Recommendation:

Budgets for the partial replacement of the air conditioning units.

Recommended Budgets / Timings:

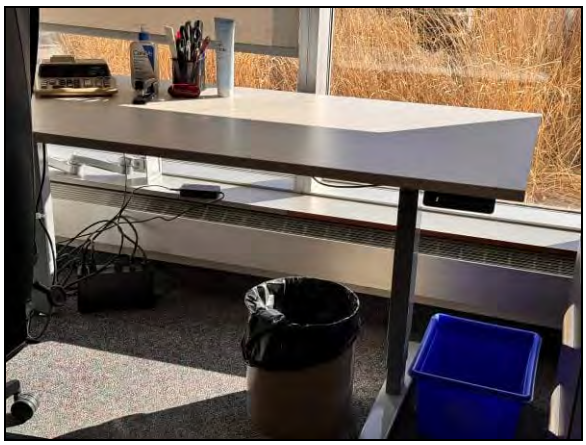
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
A/C Units	$20,000	2029	Partial Periodic Replacement

Miscellaneous

3.8.9 Supplemental Heating:

3.8.9.a Description & Assessment:

The heating within the complex is supplemented with electric radiators for the office spaces along the east and west perimeter of the building.



3.8.9.b Recommendation:

We have provided allowances for localized replacement on an as-needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Supplemental Heaters	$15,000	2027	Localized Replacement

Distribution

3.8.10 Expansion Tanks:

3.8.10.a Description & Assessment:

There is an expansion tank in the sprinkler room, which appears to be operating.

3.8.10.b Recommendations:

Replacement budgets are anticipated within the threshold assumed in this report.

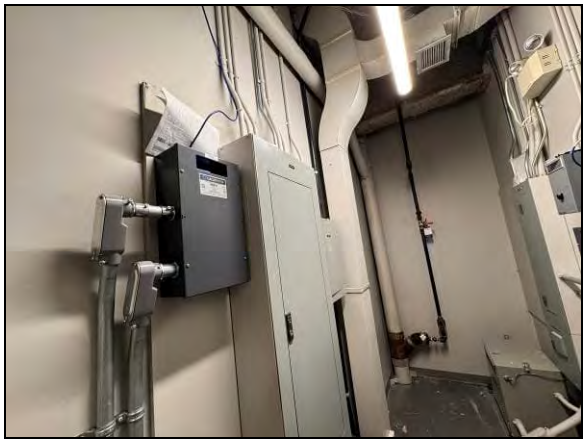
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Expansion Tank	N/A	N/A	

3.8.11 BAS System:

3.8.11.a Description & Assessment:

There is a BAS system for the Roof Top Units. BAS systems appear to be operating in fair condition.



3.8.11.b Recommendations:

We have budgeted for the replacement.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
BAS System	$125,000	2034	Replacement/Major Upgrade

Site

3.8.12 Storm & Sanitary Connection and Drainage:

3.8.12.a Description & Assessment:

Storm and sanitary drainage appeared to be functional with no reported issues. The Siamese connection is located adjacent to the sprinkler room entrance at the east side of the site.

3.8.12.b Recommendation:

We have provided allowances for localized repairs on an as needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Storm & Sanitary Connection	$25,000	2029	Periodic Localized Repairs

3.8.13 Domestic Water Supply:

3.8.13.a Description & Assessment:

The domestic water supply and pipes appear to be functional with no reported issues.

3.8.13.b Recommendation:

We have provided allowances for localized repairs on an as needed basis.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Supply	$25,000	2033	Periodic Localized Repairs

3.8.14 Backflow Preventer:

3.8.14.a Description & Assessment:

There are three backflow preventers DCVA located in the sprinkler room. There is a 6” DCVA backflow preventer dated 2022 for the main fire line. The remaining two backflow preventers were for domestic cold water system. One 3” DCVA backflow preventer appeared to be replaced in 2022, and a 2” DCVA backflow preventer appear to be replaced in 2021. The backflow preventers appeared to be in fair condition.

3.8.14.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

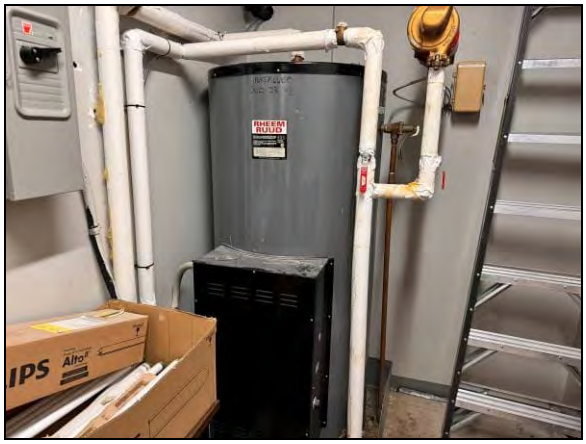
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
DCVA Backflow Preventer	N/A	N/A	

Plumbing

3.8.15 Domestic Hot Water Heaters:

3.8.15.a Description & Assessment:

There are two domestic hot water heaters in the mechanical room. The tanks are manufactured by Rheed Model No. EG120C-30, S.No. 0402L08900 with a capacity of 120 gallons. The tanks appear to have been replaced in 1998, and we noticed some active leaks in the tank.



3.8.15.b Recommendation:

We have budgeted for the general replacement of all water heaters.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Hot Water Heater	$30,000	2026	Replacement

3.8.16 Domestic Water Piping:

3.8.16.a Description & Assessment:

Cold water risers are understood to be in fair condition, with no reported pinhole

leaks.

3.8.16.b Recommendation:

We have budgeted for periodic localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Domestic Water Piping	$10,000	2029	Periodic Localized Repairs

3.8.17 Washer & Dryer:

3.8.17.a Description & Assessment:

There are a washer and a dryer located near the main electrical room.

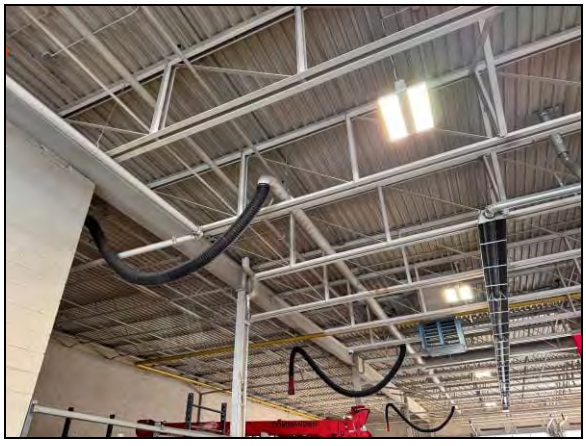
3.8.17.b Recommendation:

Replacements are anticipated to be within the threshold budgets considered within this report.

3.8.18 Snuffers:

3.8.18.a Description & Assessment:

There are snuffers in the garage which appears to be working in fair condition but we understand they barely get used.



3.8.18.b Recommendation:

Replacement of these items is not anticipated within the timeframe of this report.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Snuffers	N/A	N/A	

3.9 Electrical Systems

Main Distribution

3.9.1 Electrical System Allowance

3.9.1.a Description & Assessment:

The electrical system generally appears to be in fair condition with no reported issues.

3.9.1.b Recommendation:

We have provided an allowance for the periodic replacement of electrical components, such as distribution panels, disconnect switches, splitters, and bus bars. Further, includes an allowance for the hydro connection to the building.

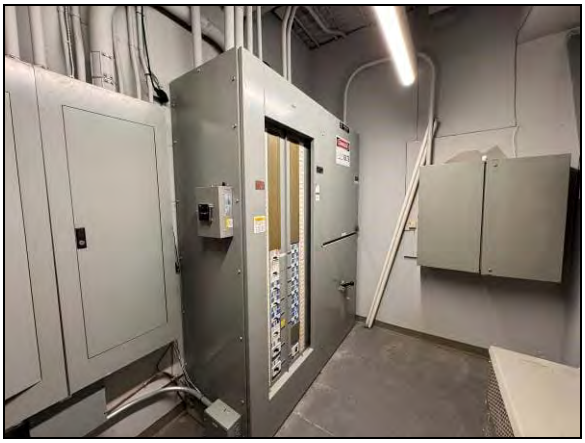
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Electrical System Allowance	$30,000	2030	Periodic Repairs

3.9.2 Main Switchgear:

3.9.2.a Description & Assessment:

The main switchgear is located in the main electrical room, with two cells, rated 600 V, 1600 A.



The systems are understood to be currently in fair condition.

3.9.2.b Recommendation:

We have budgeted for the replacement and significant upgrades to these systems as they are generally nearing the end of their life cycle.

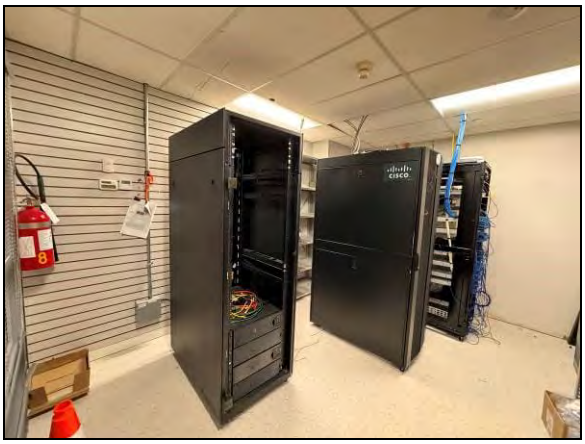
Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Main Switch Gear	$200,000	2034	General Replacement
Service Distribution Panels	$50,000	2034	Partial Replacements

3.9.3 Uninterruptible Power Supply Units:

3.9.3.a Description & Assessment:

There are Uninterruptible Power Supply Units (UPS) located within the UPS room.



They are understood to be functional.

3.9.3.b Recommendation:

We have budgeted for the replacement.

Recommended Budgets / Timings:

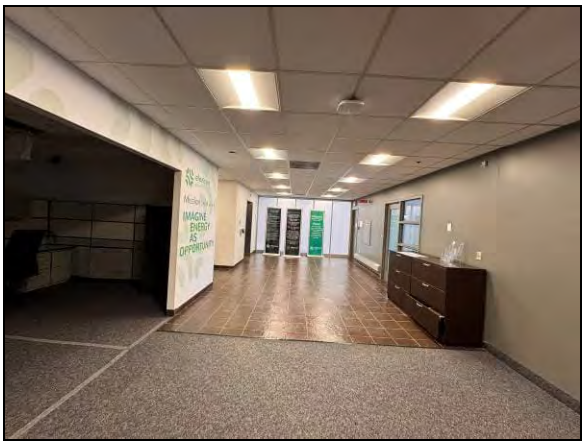
Project Description:	Recommended Budget:	Recommended Timing:	Comments:
UPS	$150,000	2030	General Replacement

Lighting

3.9.4 Interior Lighting:

3.9.4.a Description & Assessment:

The interior LED lighting is in a variety of ceiling-mounted fixtures. The fixtures appeared to be in fair condition.



3.9.4.b Recommendation:

Budgets are included within the ceiling and wall repairs and have not been budgeted for individually.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Interior Lighting	N/A	N/A	

3.9.5 Site Lighting:

3.9.5.a Description & Assessment:

There are some wall-mounted and bollard site lighting fixtures. All the bollard light fixtures are understood to be not in operation.

3.9.5.b Recommendation:

We have budgeted for the replacement of all bollard light fixtures.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Site Lighting	$15,000	2026	General Replacement

3.9.6 Pole Mounted Lighting:

3.9.6.a Description & Assessment:

There are pole-mounted LED fixtures within the parking and rear storage areas. We understand these lights were replaced approximately 7 years ago. The lights appear to be functional.

3.9.6.b Recommendation:

Replacement is not anticipated within the timeframes of this report.

Ancillary

3.9.7 CCTV Cameras:

3.9.7.a Description & Assessment:

CCTV cameras appear to be in fair condition. [redacted].

3.9.7.b Recommendation:

We have budgeted for the replacement of the cameras and head system.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
CCTV Cameras	$85,000	2034	General Replacements

3.9.8 Card Access Control System:

3.9.8.a Description & Assessment:

It is understood that [redacted] We understand that it is currently operating normally.

3.9.8.b Recommendation:

We have budgeted for future upgrades and localized replacements.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Card Access Control Systems	$50,000	2034	General Replacements

3.10 Elevators

3.10.1 Elevator:

3.10.1.a Description & Assessment:

We understand that there is an Otis hydraulic elevator S. No. H01786. We understand the elevators were previously modernized in 1989.

3.10.1.b Recommendation:

We have budgeted for the modernization of the elevator.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
Elevator	$150,000	2034	Elevator Modernization

3.10.2 EV chargers:

3.10.2.a Description & Assessment:

There are 4 EV chargers at the front of the parking. Some of them appear to be installed in 2021.

3.10.2.b Recommendation:

We have provided allowances for the partial replacement of EV chargers.

Recommended Budgets / Timings:

Project Description:	Recommended Budget:	Recommended Timing:	Comments:
EV Chargers	$ 20,000	2033	Partial Localized Replacement

3.10.3 Solar Panels:

3.10.3.a Description & Assessment:

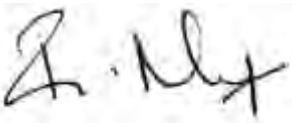
There are solar panels on the main roof, which is understood to be the responsibility of the third party and not budgeted in this report.

4.0 COST SUMMARY

The table presented at the beginning of this report is a summary of the costs presented in this report. These costs are based on estimated quantities and/or our experience with similar projects. They are meant as an order of magnitude budget estimates only and are subject to confirmation by competitive tendering and when the repairs are actually carried out. All numbers are shown in 2025 dollars.

Should you wish to review matters further, please let us know.

Yours truly,
BROWN & BEATTIE LTD.



Manoj Ramakrishnan, CVT, EIT

Scott Holden, Dip.Tech.

Allan Au-Duong, P.Eng.

Please note *this report was based on a visual assessment of the accessible areas only. Unless noted specifically, no intrusive or destructive testing was completed during this assessment. Technical specifications should be prepared for any work decided upon as a result of this report. The material in this report reflects best judgement in light of the information available and does not imply fitness for a particular purpose and should not be considered a verification of past or present regulations. Brown & Beattie Ltd. cannot be held responsible for any deficiencies that may be found within inaccessible areas by others, which have not been documented in this report. Copies of this report are subject to authentication from the writer. Brown & Beattie Ltd. accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. Use of this report or any other aspect of our service is not authorized until and unless our account is paid in full and on time.*

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-66

Fleet

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix M (Exhibit 2B Part 2, PDF pp. 615- 635)

Preamble: Elexicon Energy is forecasting a total investment of $17.85M over the 2027-2031 period in the Fleet program. The historical 2020-2024 program cost was $7.78M. Elexicon Energy has identified 47 vehicles that will require replacement over the 2027-2031 forecast period. Elexicon Energy plans to invest in 15 new vehicles for planned new positions that would require a vehicle to perform the duties of the position.

Question(s):

a) Please update Table 10 with 2025 actual expenditure.

b) Elexicon Energy states that to attend to customer premises on islands in the Gravenhurst region, Elexicon Energy must have access to watercraft. A small boat has been identified as a 2027 addition. How does Elexicon Energy access the islands at the present time?

c) Please provide the assessment reports for all the vehicles proposed for replacement over the 2027-2031 period.

d) For each planned fleet addition noted in Table 10, please identify the department and number of positions associated with the fleet addition.

RESPONSE:

a) Updated Table 10 with 2025 actual expenditure.

Year	Historical ($M)					Bridge ($M)		Forecast ($M)				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital	0.8	1.63	2.33	1.79	1.24	2.31	1.74	3.97	3.37	4.64	2.96	2.91
Total (Net)	0.8	1.63	2.33	1.79	1.24	2.31	1.74	3.97	3.37	4.64	2.96	2.91

b) Elexicon staff access the islands within the Gravenhurst region using a larger boat. The small boat addition in 2027 will be used to more effectively and efficiently complete damage assessments whereas the larger boat can be used for the remediation work.

c) See Vehicle Condition Assessment reports filed as 2-Staff-66 Attachment 1.

d) See Table 6, page 11, Exhibit 2B, Tab 4, Schedule 3, Appendix M

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 416	Model & Year: FREIGHTLINER M2 2011
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: 500-55 AUT 2011	Aerial Device Serial Number: 10-12-437-2857
Odometer Reading: 221662.0 km	~~P.T.O Hours:~~ Hour Reading: PTO 2125.6

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	HEAVY SCALING OF SUB FRAME METAL THICKNESS POOR	
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:
TRUCK WILL BE REMOVED FROM FLEET IN MARCH 2027 DO TO HEAVY SCALING OFF FRAME AND SUB FRAME

Sections A to D Completed by: _____ Date: DEC 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 444	Model & Year: FREIGHTLINER M2 2011
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: 2011 500-55-AUT	Aerial Device Serial Number: 10-12-436-2856
Odometer Reading: 198958 Km	Hour Reading: 10369
P.T.O Hours: 4264.0	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	C CHANNELS STARTING TO ROT AND VERY RUSTED	15-20 K
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	(Poor)	~~HYD~~ JIB GEAR BOX LEAKING	15 K
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	REHOSE BOOM AERIAL DEVICE	100-200K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 534	Model & Year: FREIGHTLINER M2 2009
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: C4047 2009	Aerial Device Serial Number: 2040239414
Odometer Reading: 89678	Hour Reading: 5565
P.T.O Hours: 2641.0	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	(Fair)	(Poor)	R&R HOSE LOWER BOOM AND CAT TRACK	100K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

V	Large RBD
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 537	Model & Year: Freightliner M2 2011
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: C5055 2011	Aerial Device Serial Number: 2100641758
Odometer Reading: 73187 KM	Hour Reading: 7957
P.T.O Hours: 3620.0	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	FRAME SCALING (RUST)	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	RE HOSE LOWER BOOM AND REPLACE CAT TRACK	100 K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 413	Model & Year: FREIGHTLINER M2 2007
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: 500-55 AVT	Aerial Device Serial Number: 08-05-385-2426
Odometer Reading: 144595 Km	Hour Reading: 15078
P.T.O Hours: 7395.3	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	RE ASSESS NEXT INSPECTION FOR FRAME SCALING	
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	RE HOSE AERIAL DEVICE	150 200 K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 609	Model & Year: FREIGHTLINER M2 2007
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: 500-55-AUT/PE63 2007	Aerial Device Serial Number: 06-12-693-2192
Odometer Reading: 77516 Km	Hour Reading: 10515
P.T.O Hours: 6289.8	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	RE HOSE AERIAL DEVICE	150 to 200 K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: DEC 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 414	Model & Year: Freightliner M2 2008
Date: DEC 2025	Inspected By: Scott Sooneens
Aerial Device Model & Year: 500-55-AUT 2008	Aerial Device Serial Number: 08-05-334-2425
Odometer Reading: 117093	Hour Reading: 14645
P.T.O Hours: 6241.4	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	RE ASSESS NEXT INSPECTION FOR FRAME SCALING	
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	RE HOSE AERIAL DEVICE	150-200K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

V	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 608	Model & Year: FREIGHTLINER M2 2007
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year: 2007 500-55-AUT/PE63	Aerial Device Serial Number: 06-12-692-2191
Odometer Reading: 88749	Hour Reading: 11797 HR
P.T.O Hours: 6509.9	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	Fair	(Poor)	REHAB AERIAL DEVICE	150-200K
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: DEC 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 306	Model & Year: FORD F550 DUMP TRUCK 2011
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: ~~56~~ 56181 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	FRAME HEAVY SCALING	
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	LOWER ROCKER PANELS RUSTING	
Paint	Good	Fair	(Poor)	LOWER PANELS	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 305	Model & Year: CHEVY EXPRESS VAN 2010
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 158670 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)		
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: DEC 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
✓	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 116	Model & Year: CHEVY Volt 2012
Date: DEC 2025	Inspected By: SCOTT SAUDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 83246 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	(Poor)	High Voltage is at it's END OF LIFE	7-10 K
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
✓	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 118	Model & Year: CHEVY BOLT 2017
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 25639 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
~~Engine~~ EV	Good	Fair	Poor	N/A	
Drive Train	(Good)	Fair	Poor		
Chassis	(Good)	Fair	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 321	Model & Year: CHEVY Pick up 2013
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 166519 Km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	(Poor)	LOWER PANELS Rotted OUT AND BOX	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 325	Model & Year: CHEVY Pickup 2014
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 114607 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 355	Model & Year: CHEVY Pickup 2019
Date: DEC 2025	Inspected By:
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 220214 Km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor	Hight Mileage	
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)	Hight Mileage	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 356	Model & Year: CHEW PICKUP 2019
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 164480 KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor	RUSTED	
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	RUSTED	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: 04 Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A – Category (Check One)

	Large
✓	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 357	Model & Year: CHEVY EQUINOX
Date: DEC 2025	Inspected By: Scott Sansone
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 35691	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	Rusted	
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	Rusted	
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 358	Model & Year: CHEV Pickup 2019
Date: DEC 2025	Inspected By: Scott Saunders
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 124192 KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A – Category (Check One)

	Large
	Light - Car
✓	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 359	Model & Year: CHEV Pickup 2019
Date: DEC 2025	Inspected By: Scott Saltzberg
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 127396 km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	(Good)	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	(Good)	Fair	Poor		
Overall	(Good)	Fair	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A – Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
✓	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 954	Model & Year: PT 132 PEEC TRAILER 2004
Date: DEC 2025	Inspected By: SCOTT SANDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: N/A	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	Poor		
Drive Train	Good	Fair	Poor		
Chassis	(Good)	Fair	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	(Good)	Fair	Poor		
Overall	(Good)	Fair	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: Dec 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A – Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
✓	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 986	Model & Year: 1994 TJWL REEL TRAILCON
Date: DEC 2025	Inspected By: SCOTT SAUNDERS
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: N/A	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
~~Engine~~	Good	Fair	Poor		
~~Drive Train~~	Good	Fair	Poor		
Chassis	(Good)	Fair	Poor		
Tires	(Good)	Fair	Poor		
~~Body~~	Good	Fair	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	(Good)	Fair	Poor		
Overall	(Good)	Fair	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

TRAILER WAS REFURBISHED AND PAINTED

Sections A to D Completed by: _____ Date: DEC 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
X	Trailer
X	Special Purpose

Section B – Vehicle Information

Unit Number: 960	Model & Year: Sauber PT 2008
Date: Oct 2025	Inspected By: AM
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: NA	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	Poor		
Drive Train	Good	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor	Landing gear gets broken off constantly	
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
X	Trailer Dump Trailer.
	Special Purpose

Section B – Vehicle Information

Unit Number: 933	Model & Year: 2006. Home built
Date: Oct 2025	Inspected By: AM
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: NA	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	Poor		
Drive Train	Good	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	Good	(Fair)	Poor		
Body	Good	Fair	(Poor)	Rust scaling & box int very rough.	
Paint	Good	Fair	(Poor)	Rust showing throug all over.	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
X	Trailer
X	Special Purpose Pole trailer.

Section B – Vehicle Information

Unit Number: 910	Model & Year: 2008 PT45
Date: Oct 2025	Inspected By: AM
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: NA	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	Poor		
Drive Train	Good	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	Poor		
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor	damage cord when extending pins have been hammered on.	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 353	Model & Year: Silverado
Date: Oct 2025	Inspected By: AT
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 183229. km.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	Good	(Fair)	Poor	Tranny is suspect as they start to give trouble at 150 K.	
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	Under body rust floor pans & around wheel wells &	
Paint	Good	Fair	(Poor)	rust staining.	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large Digger.
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 02	Model & Year: Work Star IHC 2014
Date: Oct 2025	Inspected By: [illegible]
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 48546	Hour Reading: 7514 H
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor	Frame & crossmembers Rust scaling. & frame jacking.	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	(Poor)	Needs refurbish. sand blast & paint. deck is rusty.	
Paint	Good	(Fair)	(Poor)		
Condition of Aerial Device	Good	(Fair)	Poor	Control getting stopy - winch oil	
Hydraulic System Controls & Hoses	Good	(Fair)	Poor	auger hoses deteriating.	
General Appearance	Good	Fair	(Poor)		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (~~circle one~~)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large Bucket.
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 03	Model & Year: IHC Durastar 2013.
Date: Oct 2025	Inspected By: AT
Aerial Device Model & Year: ~~C4047. R~~ Terex HR4046.	Aerial Device Serial Number: 212084 7602.
Odometer Reading: 56202 KM.	Hour Reading: 6969. H
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor	Smokes & uses oil.	
Drive Train	(Good)	Fair	Poor		
Chassis	Good	Fair	(Poor)	heavy rust scaling on frame & crossmembers. Rust jacking between frame & subframe.	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	(Fair)	Poor	Orig levers stick. - E pump leak, lower cyl signs of ware.	
Hydraulic System Controls & Hoses	Good	Fair	Poor	has some weather cracked hoses & should be rehosed.	
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)	nearing end of life. in contrant need of repair.	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: M Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large	Bucket
	Light - Car	
	Light Van or Pick Up	
	Trailer	
	Special Purpose	

Section B – Vehicle Information

Unit Number: 17	Model & Year: IHC Durastar 2008
Date: Oct 2025	Inspected By: AT
Aerial Device Model & Year: 400 50 AT	Aerial Device Serial Number: 07 09 027 2347
Odometer Reading: 89117	Hour Reading: 12033.
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	(Poor)	Smokes - uses oil.	
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	Frame has rust scaling & rust jacking Cross member rusty -	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	(Good)	Fair	Poor		
Hydraulic System Controls & Hoses	Good	(Fair)	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)	at end of life	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large	Medium Dump.
	Light - Car	
	Light Van or Pick Up	
	Trailer	
	Special Purpose	

Section B – Vehicle Information

Unit Number: 30	Model & Year: F550 Dump. 2011.
Date: Oct 2025	Inspected By:
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 66893 KM.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	Good	(Fair)	Poor		
Body	Good	Fair	(Poor)	Cab rusty - frame rust scaling. dump body is very rusty. has been patched several times.	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	(Fair)	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)	at life end. Replace	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 359.	Model & Year: Silverado 2019.
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 127447	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	~~Good~~	(Fair)	Poor		
Body	Good	Fair	(Poor)	Rust protruding through paint under body rust. floor pans around fenders.	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
X	Light - Car SUV
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 357	Model & Year: Equinox 2019.
Date: Oct 2025	Inspected By: [illegible]
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 32691	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor	Brake pulse Rotors are rusty ~~from sitting~~	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor	under body rust.	
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority ~~(circle one)~~

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
X	Light - Car SUV
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 350	Model & Year: Equinox 2018
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 71531 KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor	Rust is protruding throug paint-	
Paint	Good	(Fair)	Poor	rust under body.	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
X	Light - Car SUV
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 349	Model & Year: Equinox 2018
Date: Oct 2025	Inspected By: M
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 49208 KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	(Good)	Fair	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	(Fair)	Poor	rust starting to show through & under body rust	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 348	Model & Year: Chevy Silverado 2017
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 148909.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	Good	(Fair)	Poor		
Body	Good	Fair	(Poor)	very rusty fenders & under body	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)	interior is very rough. seat etc.	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 446	Model & Year: Freightliner M2.
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year: 400 46	Aerial Device Serial Number:
Odometer Reading: 88988 km	Hour Reading: 7656 HR
P.T.O Hours: ~~4413~~ 3892 HRs	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	Fair	(Poor)	Heavy rust scaling on frame & cross members - Rust jacking. between frame & subframe.	
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	Lots of scapes & dings. paint is faded showing it's age.	
Paint	Good	(Fair)	(Poor)		
Condition of Aerial Device	Good	(Fair)	Poor		
Hydraulic System Controls & Hoses	Good	(Fair)	Poor	E pump leaks.	
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor	Has been refurbished in past generaly harvest extra 2-3 years.	

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 445	Model & Year: ~~400 46~~
Date: Oct 2025	Inspected By: RI
Aerial Device Model & Year: 400-46.	Aerial Device Serial Number: 11 01 489 2862.
Odometer Reading: 90359.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	Fair	(Poor)	Frame & crossmember has heavy rust scaling & rust jacking between frame & sub frame.	
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	Paint apearance is looking old & weathered scrapes & scratches faded.	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor	& pump leaks. / Jib leaks	
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	Has had a referb in past but this usually buy's an extra 2-3 years.	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 443	Model & Year: Freight M2
Date: Oct 2025	Inspected By: AH
Aerial Device Model & Year: Terex High Ranger TPL 40	Aerial Device Serial Number: 2100430713.
Odometer Reading: 150479. Km	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	(Poor)	Has frame jacking (passes) but is close to threshhold.	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	(Poor)		
Paint	Good	(Fair)	(Poor)		
Condition of Aerial Device	Good	(Fair)	Poor	Need ware pads for extension insert. - Platform rotation bypasses.	
Hydraulic System Controls & Hoses	Good	(Fair)	Poor	has some damaged hoses	
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

X	Large
	Light - Car
	Light Van or Pick Up
	Trailer
X	Special Purpose Digger.

Section B – Vehicle Information

Unit Number: 535	Model & Year: Frt M2. 2009.
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year: C4047.	Aerial Device Serial Number: 2090239108
Odometer Reading: 67971 KM	Hour Reading: 6051
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	(Poor)	Rust scalling on frame & crossmembers also has some frame jacking.	
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	(Fair)	Poor	3rd stage chips in gel coat. winch gear box leaks.	
Hydraulic System Controls & Hoses	Good	(Fair)	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 330	Model & Year: Silverado. 2015
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 133554	Hour Reading: 6778 HRS.
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	~~Good~~	(Fair)	Poor	Tranny will need Rep soon	
Chassis	Good	Fair	(Poor)		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	Very rusty has lots of rust holes rockers & floor	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: AI — Date: Oct 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:
Very Rusty High hours Replace ASAP. Befor tranny goes.

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 46	Model & Year: Chevy Express
Date: Oct 2025	Inspected By: AH
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 160506.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	Poor		
Drive Train	Good	Fair	Poor		
Chassis	Good	Fair	Poor	very rough ride.	
Tires	Good	Fair	Poor		
Body	Good	Fair	Poor	dents scrapes & scratches rusty under body. interior is rough & cargo area is in need	
Paint	Good	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	Poor		
Overall	Good	Fair	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: AI H — Date: Oct 2026

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

* Uses oil
Seats & interior has seen better day.
underbody very rusty.
Recomend Replace.
Rust protruding through paint.

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 344	Model & Year: F Transit 2016
Date: Oct 2025	Inspected By: AM
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 180289 KM	Hour Reading: 2339 H.
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	(Fair)	Poor		
Drive Train	Good	Fair	(Poor)	Tranny has hard shifts. intermitant.	
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	(Poor)	underbody rust	
Paint	(Good)	Fair	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: MH Date: Oct 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is ~~in deteriorating~~ condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:
Floor is rusty Rocker panels pass side. dent & dings around. Suspect transmition sometime hard shifts. deteriating.

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

✓	Large
	Light - Car
	Light Van or Pick Up
	Trailer
✓	Special Purpose

Section B – Vehicle Information

Unit Number: 448	Model & Year:
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year: 500-55 163746 →	Aerial Device Serial Number: 163746
Odometer Reading: 189558 KM	Hour Reading: 8786 HRS
P.T.O Hours: 2840 HRS	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor	~~could~~ crossmembers & under body rust - Heavy rust scalling on	
Tires	(Good)	Fair	Poor	frame & cross members & deck bumper	
Body	(Good)	Fair	Poor		
Paint	~~Good~~	~~Fair~~	Poor	Boom has a lot of scratches.	
Condition of Aerial Device	(Good)	Fair	Poor		
Hydraulic System Controls & Hoses	(Good)	Fair	Poor		
General Appearance	Good	(Fair)	Poor	Need Refurbishment.	
Overall	Good	(Fair)	Poor		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

upper boom has scrapes & gouges in finish
will need refurb soon
Cross members & frame getting very rusty
deck under side large rust scales.
has some frame jacking. will need to be adressed.

Sections A to D Completed by: AI Date: Oct 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 43	Model & Year: F150 2016.
Date: Oct 2026	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 204813	Hour Reading: 3754 HR.
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	~~Fair~~	(Poor)	uses oil should be replaced before failure.	
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor		
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	interior is very rough seat is touste	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: Al H — Date: Oct 2026.

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

engine uses oil
transmission has intermitant missshifts.
High ~~idle~~ eng hours.
At end of life

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
X	Light - Car SUV
	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 335	Model & Year: Chevy Equinox 2015
Date: Oct 2025	Inspected By: AT
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 124907	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	rust holes developing in fenders & under body.	
Paint	Good	Fair	(Poor)	rust showing through.	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	looks rough	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: Al Date: Oct 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Fenders rusted & underside very rusty
floors are suspect
At end of life soon.

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 345	Model & Year: Silverado. 2017
Date: Oct 2025	Inspected By: M
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 114192. KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	Good	(Fair)	Poor	Transmission has misshifts & bangs into gears occasionally.	
Chassis	Good	(Fair)	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	Fair	(Poor)	rust holes in rocker & floor pans very rusty.	
Paint	Good	Fair	(Poor)		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	dents dings scapes all over	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 343	Model & Year: 2017 Chevy City Express.
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 107162.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	(Fair)	Poor		
Drive Train	(Good)	Fair	Poor		
Chassis	Good	(Fair)	Poor		
Tires	Good	(Fair)	Poor		
Body	Good	Fair	(Poor)	Small dents & dings all over	
Paint	Good	Fair	(Poor)	Scrapes & rust	
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	This vehicle is showing it's age- under body very rusty floor- & rockers.	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 28	Model & Year: F150
Date: Oct 2025	Inspected By: M
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 196743 K.	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	Good	Fair	(Poor)	uses a lot of oil should be replaced before failure.	
Drive Train	Good	(Fair)	Poor		
Chassis	(Good)	Fair	Poor		
Tires	(Good)	Fair	Poor		
Body	Good	(Fair)	Poor	dents & dings all over.	
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	(Fair)	Poor		
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: _____ Date: _____

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Sections E Completed by: _____ Date: _____

Manager of Business Services

Fleet Vehicle Assessment Form

VERIDIAN CONNECTIONS

Section A -- Category (Check One)

	Large
	Light - Car
X	Light Van or Pick Up
	Trailer
	Special Purpose

Section B – Vehicle Information

Unit Number: 04	Model & Year: Chevy Express 2014
Date: Oct 2025	Inspected By: AI
Aerial Device Model & Year:	Aerial Device Serial Number:
Odometer Reading: 149002 KM	Hour Reading:
P.T.O Hours:	

Section C – Vehicle Condition Assessment

Item	Condition (circle one)			Recommended Repairs if Vehicle is to Retained for the Next Calendar Year	Est. Cost
Engine	(Good)	Fair	Poor		
Drive Train	Good	(Fair)	Poor		
Chassis	Good	Fair	(Poor)	Very rusty under body. lower panels rusting through.	
Tires	Good	(Fair)	Poor		
Body	Good	Fair	(Poor)		
Paint	Good	(Fair)	Poor		
Condition of Aerial Device	Good	Fair	Poor		
Hydraulic System Controls & Hoses	Good	Fair	Poor		
General Appearance	Good	Fair	(Poor)	Dents + dings all over rust showing.	
Overall	Good	Fair	(Poor)		

Section D – Other Considerations

Are there other vehicle condition or maintenance factors that should be considered when determining whether this vehicle should be replaced or refurbished? Explain in the space below:

Sections A to D Completed by: A1 H — Date: Oct 2025

Mechanic

Section E – Replacement/Refurbishment Priority (circle one)

High (A)	Medium (B)	Low (C)
Vehicle is in deteriorating condition and planned replacement or refurbishment is critical for the coming calendar year.	Vehicle is mechanically and structurally sound at present, but condition is at risk of deterioration during the coming calendar year.	Vehicle is mechanically and structurally sound. Planned replacement or refurbishment is not necessary for the coming year.

Explain the nature of the prioritized investment (i.e. replace vs. refurbish) along with supporting rationale:

Has seen better day's
Rusty underside floor pans. brake lines rusty.
High idle hours. if hours are calculated would be in excess of 600,000 Km.
small dents & dings all over.
Rockers rusting through.

Sections E Completed by: _____ Date: _____

Manager of Business Services

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-67

IT Systems

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix N (Exhibit 2B Part 2, PDF pp. 636- 671)

Preamble: Elexicon Energy forecasts a total investment of $10.25M over the 2027-2031 period in the IT Systems program. The historical 2020-2024 program cost was $15.62M.

Question(s):

a) Please update Tables 9, 11, 12, 13, 14, 15 and 16 with 2025 actual expenditure.

b) Elexicon Energy replaces end user devices (such as PCs, tablets, and mobile phones) according to a defined 3-year lifecycle plan. Table 12 indicates no historical costs for Endpoint Device Refresh. Are historical costs for end user devices (such as PCs, tablets, and mobile phones) captured in Table 13 End User Hardware Enhancements?

RESPONSE:

a) Please see the following tables filed as part of Exhibit 2B - Tab 4 - Schedule 3 - Appendix N updated with actuals for 2025.

Table 9: Summary of Expenditures - with 2025 Actuals

	Actuals						Forecast					
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	4.23	2.71	3.30	3.03	2.35	1.63	1.33	2.64	2.12	1.95	2.04	1.49
Capital Net ($M)	4.23	2.71	3.30	3.03	2.35	1.63	1.33	2.64	2.12	1.95	2.04	1.49

Table 11: Printers & Copiers Historical and Future Expenditures - with 2025 Actuals

	Actuals						Forecast					
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.05	0.03	0.06	0.01	0.01	0.06	0.03	0.06	0.01	0.01	0.06	0.03
Capital Net ($M)	0.05	0.03	0.06	0.01	0.01	0.06	0.03	0.05	0.01	0.01	0.06	0.03

Table 12: Endpoint Device Refresh Historical & Future Expenditures - with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	-	-	-	-	-	-	-	0.24	0.44	0.35	0.51	0.48
Capital Net ($M)	-	-	-	-	-	-	-	0.24	0.44	0.35	0.51	0.48

Table 13: End User Hardware Enhancements Historical & Future Expenditures - with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.22	0.46	0.55	0.26	0.06	1.01	0.07	0.19	0.19	0.13	0.10	0.10
Capital Net ($M)	0.22	0.46	0.55	0.26	0.06	1.01	0.07	0.19	0.19	0.13	0.10	0.10

Table 14: Data Center Enhancements Historical & Future Expenditures - with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.61	0.94	1.45	0.60	1.03	0.17	0.39	0.84	0.77	0.24	0.77	0.48
Capital Net ($M)	0.61	0.94	1.45	0.60	1.03	0.17	0.29	0.84	0.77	0.24	0.77	0.48

Table 15: Network Additions and Enhancements Historical & Future Expenditures - with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.02	0.02	0.05	0.46	0.09	0.10	0.10	0.76	0.42	0.93	0.30	0.08
Capital Net ($M)	0.02	0.02	0.25	0.46	0.09	0.10	0.10	0.76	0.42	0.93	0.30	0.08

Table 16: Cyber Security Historical & Future Expenditures - with 2025 Actuals

	Actuals						Bridge	Forecast				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.20	0.40	0.29	0.90	0.60	0.29	0.28	0.30	0.29	0.29	0.30	0.31
Capital Net ($M)	0.20	0.40	0.29	0.90	0.60	0.29	0.28	0.30	0.29	0.29	0.30	0.31

b) Prior to 2024, Elexicon did not have a defined lifecycle-based endpoint device refresh program or a dedicated capital project for end-user device replacements. As a result, there are no historical costs reflected in Table 12.

Before the implementation of the formal 3-year lifecycle plan replacements of end-user devices (including PCs, tablets, and mobile phones) were performed on an ad hoc basis, primarily in response to device failure, damage, or operational necessity. These costs were not tracked under a dedicated lifecycle refresh category, as no such program or funding envelope existed at the time.

To the extent that end-user device costs were incurred historically, they were captured within Table 13 – End User Hardware Enhancements, which covered a broad range of end-user hardware expenditures, including:

- One-off or unplanned device replacements,
- Hardware required for new hires,
- Incremental upgrades or accessories (e.g., monitors, peripherals, mobile devices),
- Other in-year hardware needs not associated with a structured refresh cycle.

The higher actuals in 2025 reflect, increased needs for the year, and also includes approximately $300K of equipment procured in late 2025, that is not scheduled for deployment until 2026. This pre-purchase was undertaken as a prudent cost-management measure to mitigate anticipated global supply cost increases and stage required hardware for the 2026 work program.

Elexicon has since introduced a formal endpoint device refresh program with defined lifecycle assumptions and dedicated funding, resulting in the creation of Table 12 as a separate capital category. This change reflects a transition from reactive, ad hoc replacements to a planned, standardized, and more transparent lifecycle-based approach to managing end-user computing assets.

The absence of historical costs in Table 12 reflects the absence of a formal refresh program prior to 2024, rather than an absence of end-user device spending. Historical end-user device expenditures were instead captured within Table 13, consistent with the budgeting and asset management practices in place at the time.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-68

Tools and Equipment

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix O (Exhibit 2B Part 2, PDF pp. 672- 683)

Preamble: Elexicon Energy forecasts a total investment of $5.41M over the 2027-2031 period in the Tools and Equipment program. The historical 2020-2024 program cost was $1.58M.

Question(s):

a) Please update Table 2 with 2025 actual expenditure.

b) Please provide an annual listing of all tools procured over the historical 2020-2025 period and the 2026 - 2031 forecast period.

c) For the 2027-2031 forecast period please provide an annual listing of all tools required for new vehicles for new positions.

RESPONSE:

a) Table 1 below presents a revised version of Table 2 in the referenced exhibit (Exhibit 2B - Tab 4 - Schedule 3 - Appendix O) with 2025 actual expenditures.

Table 1: Summary of Expenditures - with 2025 Actual Expenditures

Year	Historical					Bridge		Forecast				
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital ($M)	0.16	0.17	0.46	0.43	0.36	1.00	0.19	1.13	1.26	1.35	0.84	0.83
Contributions ($M)	0	0	0	0	0	0	0	0	0	0	0	0
Total (Net $M)	0. 16	0.17	0.46	0.43	0.36	1.00	0.19	1.13	1.26	1.35	0.84	0.83

b) Tools in the categories noted below are procured on a regular basis throughout the historical period and forecast period and as discussed in the evidence Exhibit 2B - Tab 4 - Schedule 3 -

Appendix O investments are separated into three program buckets – Lines, Substations, Fleet. Purchases include new tools as replacements, or upgrades, and evaluations are conducted on operational need, efficiency, safety, and ergonomics.

- Traffic Protection Equipment
- Web Hoists - Chain Hoists - Rope Blocks - Jock Straps
- Grips
- Slings
- Hydraulic Tools
- Battery Tools
- Rubber Coverup
- Testing Instruments
- Live Line Tools
- Overhead Grounds - Jumpers
- Underground Grounds
- Hand Tools
- Miscellaneous

c) Please see the attached Excel file 2-Staff-68 - Vehicle Tool Listing with Quantities. This attachment outlines the typical tools required for a heavy truck, as well as a list of the standardized tools within the categories provided in Part b) that are optionally available on various vehicles to suit needs in the specific operational district. Based on the forecasted fleet investments, requirements are also assessed so that costs can be budgeted accordingly while ensuring crews have the tools needed to perform work safely and efficiently.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-69

OT Systems

Ref 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix P (Exhibit 2B Part 2, PDF pp. 684- 719)

Preamble: Elexicon Energy forecasts a total investment of $17.52M over the 2027-2031 period in the OT Systems program. The historical 2020-2024 program cost was $4.57M.

Question(s):

a) Please update Tables 3, 5, 7 and 8 with 2025 actual expenditure.

b) What are the estimated costs for the Comprehensive Investment Option and the Low Investment Option?

RESPONSE:

a) Please find the following tables updated with 2025 actual capital expenditures:

Table 3: Summary of Expenditures

	Actuals ($M)						Bridge	Forecast ($M)				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital (Gross) – Excluding ICM	0.54	1.69	0.59	0.71	0.70	1.01	1.33	0.83	1.69	3.45	5.28	6.28
ICM (Gross)			0.41	0.08								
Total Capital (Gross)	0.54	1.69	1.01	0.79	0.70	1.01	1.33	0.83	1.69	3.45	5.28	6.28
Total Contributions			0.08	0.08								
Total Capital (Net)	0.54	1.69	0.71	0.71	0.67	1.01	1.33	0.83	1.69	3.45	5.28	6.28

Table 5: OT System Upgrades and Enhancements

	Actuals ($M)						Bridge	Forecast ($M)				
Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital	0.53	1.23	0.50	0.67	0.70	0.95	1.25	0.83	1.69	1.45	3.28	2.28
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Capital (Net)	0.53	1.23	0.50	0.67	0.70	0.95	1.25	0.83	1.69	1.45	3.28	2.28

Table 6: ADMS/DERMS Systems Upgrade and Enhancements

	Actuals ($M)						Bridge	Forecast ($M)				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital	0.01	0.44	0.48	-	-	-	-	-	-	1.00	1.00	2.00
Contributions	-	-	0.08	-	-	-	-	-	-	-	-	-
Capital (Net)	0.0	0.44	0.40	-	-	-	-	-	-	1.00	1.00	2.00

Table 7: Grid Modernization Historical & Future Expenditures

	Actuals ($M)						Bridge	Forecast ($M)				
Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Capital	0.01	0.02	0.03	0.115	-	0.05	0.08	-	-	1.00	1.00	2.00
Contributions	-	-	-	0.08	-	-	0.98	-	-	-	-	-
Capital (Net)	0.01	0.02	0.032	0.04	-	0.05	0.08	-	-	1.00	1.00	2.00

b) Please refer to response provided for question 2-CCC-16.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-70

Variance Explanations - A2 Customer & Generation Connections

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 12-14 (PDF p. 13-15)

Preamble:

At reference 1, the application states that the Customer and Generation Connections program "remains inherently volatile as it is primarily driven by external factors. Due to the customer driven nature of this program, customer timelines may change, resulting in variances year-over-year."

Question(s):

a) Please explain the reasons for the 54.4% variance between the planned and actual 2024 net in-service additions for the Customer & Generation Connections program. In your response, identify and quantify the primary drivers (e.g., project deferrals, cancellations, customer-driven delays, etc.).

i. If the variance is attributed to customer-driven delays, please identify the type of customer involved (i.e., residential, commercial, industrial, institutional, or large-scale developers).

b) Please confirm whether the significant shortfall in 2024 actual net in-service additions has resulted in any revisions to the Elexicon Energy's forecast for the 2027-2031 period. Please explain.

RESPONSE:

a) The -54.4% variance between planned and actuals is attributed to customer driven delays and deferrals of planned residential subdivision developments within Elexicon service areas (excluding Seaton Development in Pickering).

    i) The variance is attributed to residential subdivision customers.

b) Elexicon reviewed the 2024 actual net in-service connection results in developing its 2027–2031 Customer & Generation Connections forecast. While 2024 actuals were lower than forecast, this did not result in revisions to the 2027–2031 forecast, which continues to be based on historical connection trends and forward-looking growth drivers, as described in Exhibit 2B - Tab 4 - Schedule 3 - Appendix B.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-71

Ref. 1: Exhibit 9 / Tab 3 / Schedule 3 / pp. 1 - 2 (PDF pp. 12 - 13)
Ref 2: Exhibit 2B / Tab 4 / Schedule 3 / pp. 23 - 24 (PDF pp. 93 - 94)
Ref. 3: Final Notice of Amendments to the Distribution System Code, June 16, 2025

Preamble:
Elexicon Energy states that Elexicon's draft investment plan was prepared as the amendments to the DSC were introduced. The amendments to the DSC apply different horizons based on whether a connection is housing related or not. The mix of housing-related and larger connections (i.e. commercial and industrial customers) will vary from year to year which introduces complexity in forecasting, particularly in the outer years of the plan. This is further exacerbated by the fact that Elexicon is seeing an increase in volume and magnitude of connections which makes historical trends challenging to rely upon. Due to these complexities, Elexicon was unable to revise investments in System Access to accommodate the horizon revisions noted above.

Appendix C of reference 2 outlines changes to the Distribution System Code to extend the customer revenue horizon to 40 years for residential customers (as defined in Appendix C).

Question(s):
a) Please update Table 12 and Table 13 with revised amounts due to the change in the customer revenue horizon to 40 years.
i. Please provide supporting calculations detailing how Elexicon Energy arrived at the revised values.
ii. Please include in the supporting calculations an example of at least one specific development request, which can be an actual request with identifying information removed, or an illustrative development

request that would be similar to those typically received by Elexicon Energy. Please confirm if Elexicon Energy took into account the capacity allocation model?

iii. If not, please state if the capital contribution were under/over estimated

RESPONSE:

a) To clarify, Table 13 in the Customer & Generation Connection investment program (Exhibit 2B - Tab 4 - Schedule 3 - Appendix B, Page 23) represents Historical Actual expenditures between 2020-2024. Table 12 within the same referenced exhibit represents Bridge and Forecast expenditures between 2025-2031. To answer this question of incorporating the change in customer revenue horizon from 25 years to 40 years, Elexicon will focus on updating the Bridge and Forecast expenditures between 2025-2031 with the results in Table 1, below. Elexicon has provided this analysis for the Customer & Generation Connection investment program but notes that the System Expansion program would also be impacted by the changes to customer revenue horizon.

Table 1: Summary of Forecast Expenditures (2025-2031), (Revised Using the 40-year Revenue Horizon) ($M)

	Historical	Bridge		Forecast				
Year	**Annual Average 2020-2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Gross ($M)	14.36	15.48	12.60	16.79	17.75	18.68	19.87	20.35
Contributions ($M)	8.32	8.01	6.56	8.54	9.03	9.50	10.10	10.35
Net ($M)	6.05	7.47	6.04	8.25	8.72	9.18	9.77	10.00
Increase in Net Cost from Original Forecast ($M)	-	0.79	0.65	0.85	0.89	0.94	1.01	1.03

i. To develop this revised forecast, Elexicon analyzed 12 residential development projects to determine the average change in customer contributions to system expansion costs if the 40-year revenue horizon were applied for residential customers in these developments instead of the 25-year horizon. The results from that analysis show that, on average, the contributions from residential developments to system expansion costs would be reduced by 11%. Elexicon then calculated a revised total contribution for 2025 adjusted to reflect the 11% average

reduction in contributions from the population of residential developments. Table 2 illustrates the 2025 actual costs attributed to each of the residential, residential development, and commercial/industrial customers. Table 3 illustrates revised 2025 figures showing the reduced contribution (11%) from the residential developments using the 40-year revenue horizon.

Table 2: **2025 Actual Costs**

2025 Actuals ($M)			
	Gross	**Contributions**	**Net**
Residential Development	22,190	12,970	9,220
Other Residential	3,227	544	2,683
Commercial/Industrial	3,486	2,822	664
Total	**28,903**	**16,336**	**12,567**

Table 3: **2025 Costs using the 40-year revenue horizon for residential developments**

2025 Actuals ($M) (adjusted)			
	Gross	**Contributions**	**Net**
Residential Development	22,190	11,543	10,647
Other Residential	3,227	544	2,683
Commercial/Industrial	3,486	2,822	664
Total	**28,903**	**14,909**	**13,994**

The revised total contributions in Table 3 represent approximately a 9% reduction from the total contributions listed in Table 2. Subsequently, a 9% reduction in contributions was then applied in Table 1 above in years 2025-2031.

ii. Table 4 below illustrates the change in Elexicon's contribution to the system expansion required for a representative residential project – which is an actual residential development project completed in Whitby – when using the 40-year revenue horizon compared to the 25-year revenue horizon. Elexicon did not take the Capacity Allocation Model (CAM) into consideration for this example, as it was not in place at the time.

Table 4: Example showing the change in contribution using the 40-year revenue model vs the 25-year revenue model

25 Year Model			40 Year Model				
Total Cost of Expansion ($)	Capital Contribution by Customer ($)	Elexicon's Contribution ($)	Total Cost of Expansion ($)	Capital Contribution by Customer ($)	Elexicon's Contribution ($)	Decrease in Customer Contribution ($)	Decrease in Customer Contribution (%)
368,320	225,396	142,924	368,320	197,853	170,467	27,543	12

iii. Using the example provided in response ii) above, Elexicon cannot determine what the customer contributions would have been had a CAM been in place for this residential development, as the outcome would have depended on several factors that would have been taken into consideration as part of the development of the CAM.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-72

Variance Explanations - A3 System Expansion

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 12-14 (PDF pp. 13-15)

Ref 2: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Preamble:

At reference 1, the application states that, "System Expansion net actual ISA amounts totalled $13.02M on a gross basis and $1.99M on a net basis from 2020-2024. Actual gross in-service amounts were consistently below the planned gross budget across the historical period, while net results were generally below the plan except for 2023. The reduced gross in-service amount reflects project cancellations and timing delays driven by external parties, primarily in Ajax, Pickering and Whitby, whereas the smaller net variance — and the increase in 2023 — resulted from variances in customer contributions."

Question(s):

a) Please describe the main drivers of System Expansion project cancellations from 2020-2024, and identify the types of customers associated with these cancellations (e.g., institutional, industrial, commercial, or residential developers).

b) The application shows $18.8M in net CapEx and only $1.99M in net in service additions from 2020-2024. Please explain the key factors contributing to this gap, including cancellations, timing delays, customer contributions, or other causes.

c) The below table summarizes the capital expenditures in System Expansion for years 2020 to 2024. Please explain the reasons for this step increase in net capital expenditures in 2024 and 2025, and indicate whether this increase is linked to specific customer segments, geographic areas, project types, or timing shifts.

Projects ($M)	2020	2021	2022	2023	2024	2025
A3 System Expansion (Gross Capex)	3.1	3.0	10.2	5.1	16.3	14.0
Capital Contributions	3.1	2.9	8.7	1.7	2.5	2.4
Net Capex	0.1	0.1	1.5	3.4	13.8	11.6

d) The application states that the 2024 actual net in-service additions for the System Expansion program is ($0.32M). Please explain why this is negative.

e) Please describe the internal processes and planning practices Elexicon Energy uses to ensure that the System Expansion forecast budget and in-service additions for the 2027-2031 period are able to accommodate uncertainties such as customer-driven project cancellations, schedule changes, and timing delays similar to those experienced in the historical period.

i. Please indicate whether these processes have changed compared to those used during the historical period, and if so, describe how they have evolved.

RESPONSE:

a) The primary driver of project cancellations during the historical period of 2020-2024 was the economic slowdown combined with construction restrictions associated with the COVID-19 pandemic. These factors significantly affected construction activity and led many large residential developers to defer or suspend planned developments, resulting in project cancellations or delays.

b) The reported $1.99 million in net in-service additions (Exhibit 2B - Tab 4 - Schedule 1 - Table 6), represents Elexicon's funded share of the total $13.02 million in gross in-service additions (Exhibit 2B - Tab 4 - Schedule 1 - Table 5), after deducting customer contributions. The $18.8 million in net

CAPEX represents projects which remained in Construction Work in Progress (CWIP) as of the end of 2024. This resulted from a significant increase in residential and industrial customer expansion work commencing in 2024, which was not yet put into service due to construction delays and project deferrals by the customers.

c) The significant increase in net capital expenditures for system expansion projects was driven by customer growth from large residential developers and industrial customers in 2024 and continuing into 2025, primarily within the Pickering, Whitby, and Belleville regions. The increase in net capital expenditures reflects higher forecasted revenues from large-load customers over the revenue horizon, which resulted in lower upfront customer capital contributions as determined through the Economic Evaluation model in accordance with Distribution System Code (DSC).

d) The negative net in-service additions recorded in 2024 were attributable to excess capital contributions from customers for two system expansion projects: Lakebreeze Dr 13.8kV Expansion Port of Newcastle, and Burkholder Dr (Taunton x Zenith Park), which were reconciled through cost true-ups upon completion of the projects.

e) Elexicon uses a balanced and adaptive planning approach to manage capital investments within approved budget envelopes while meeting reliability, safety, and customer needs. Projects are prioritized based on criteria such as asset condition, risk reduction, regulatory compliance, and customer impact, along with mandatory work (e.g., System Expansion, Customer & Generation Connections). Execution work planning (EWP) provides visibility into schedules, costs, and progress, supported by a structured change control process for governance. The Program Delivery Group (PDG) conducts regular reviews during the year to monitor progress and spending, allowing for pacing adjustments and resource reallocations to respond to emerging issues such as cancellations, delays, or unplanned system failures. This process ensures flexibility while maintaining cost discipline and system reliability. Please refer to Exhibit 2B - Tab 3 -Schedule 3 -

Section 3.2, Strategies for Operating within Budget Envelopes.

i. In 2023, Elexicon established the Program Delivery Group (PDG) to oversee maintenance and capital execution work programs (EWPs) and introduced structured processes that are focused on the development and successful delivery of these execution work programs to achieve targeted outcomes. Capital and maintenances EWPs are created annually and updated typically at mid-year within the PDG and provide a constraint balanced set of work plans. Tools such as scorecards and detailed reporting are also utilized to ensure proper program management oversight and to drive timely completion with rigorous cost oversight. Please see Exhibit 2B - Tab 3 - Schedule 1 - Page 48 - Line 20 for further information.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-73

Variance Explanations - System Access In-Service Additions

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 3-4 / Table 1 (DSP Part 2, PDF pp. 4-5)

Preamble:

Table 1 shows that System Access - Net capital expenditures increase from a historical annual average of approximately $11.95M (2020-2024) to a bridge-year annual average of approximately $26.02M (2025-2026), representing a 118% increase.

Question(s):

a) For the System Access - Net category, please provide a project-level breakdown of the forecast in-service additions for 2025 and 2026, including:

i. Project description (e.g., customer connections, road authority relocations, previously approved ICM project, etc.)

ii. Planned in-service date

iii. Capital amounts going into service

b) For any project exceeding $1M forecast in-service additions in years 2025 or 2026, please provide:

i. Current status and key milestones

ii. Any known risks to timing or scope

c) If it is not already explained in Elexicon Energy's answers to part a) and b) above, please explain the drivers for the 118% increase in in-service additions from the historic period to the bridge years noted in the preamble above.

RESPONSE:

a) Please refer to the attached Excel file 2-Staff-73(1) System Access.

b) Please refer to the attached Excel file 2-Staff-73(1) System Access.

c) The System Access increase in in-service additions (ISA) from the historical period to the bridge years is mainly driven by the A3 System Expansion program. In the bridge years, there has been an increase in customer driven requests for large load projects, driving up the gross costs. Although these projects are customer driven, Elexicon is required to fund a portion of the expansion based on the outcome of the economic evaluation conducted in accordance with the Distribution System Code, resulting in higher net ISA for the bridge years.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-74

Variance Explanations - Substation Growth
Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 18-19 / Table 1 (PDF pp. 19-20)
Ref 2: Exhibit 2A / Tab 6 / Schedule 1 / p. 2 / Table 3 (PDF p. 67)
Ref 3: Exhibit 1 / Tab 8 / Schedule 1/ Attachment 3 / Audited Financial Statements 2024

Preamble:
At reference 1, the application states that, "Substation Growth net actual ISA amounts totaled $50.49M during 2020-2024 and contributed to 78.5% of all investments in System Service. The net actual ISA amounts in this program exceeded the plan in years 2021 and 2024, and below the planned amounts in 2022-2023. This was primarily due to true-up costs associated with Seaton MTS and Whitby TS totaling to $7.36M in 2024.

These true-up costs result from differences between the assumptions in Elexicon's load forecasts relative to actual demand that occurred, triggering adjustments in the cost recovery agreements with Hydro One."

At reference 2, the application states that Elexicon Energy incurred a $3,244,400 Hydro One true-up cost under the Connection and Cost Recovery Agreement (CCRA) for the transmission connection to Seaton MTS.

At reference 3, the application states that Whitby Transformer Station was built by Hydro One to meet Elexicon's load growth needs, and under the CCRA's 15-year final true-up, Hydro One determined that actual transformation revenue fell short of the $19,950,000 allocated construction cost, resulting in Elexicon Energy owing a $4,062,000 true-up

payment in 2024.

Question(s):

a) Please confirm that the Seaton MTS true-up amount referenced in "reference 1" is the same $3,244,400 Hydro One true-up cost identified at reference 2.

b) Please explain why true-up adjustments were required for Seaton MTS and Whitby TS in 2024, including a summary of the specific forecast assumptions that differed materially from the actual demand.

c) As a result of these true-up costs, has Elexicon Energy made any changes to forecasting methodology for subsequent CCRAs, such as the one for the Belleville DESN project? Please explain.

RESPONSE:

a) Confirmed, the Seaton Municipal Transformer Station (MTS) true-up referenced in "reference 1" is the same $3,244,400 Hydro One true-up cost identified in reference 2.

b) The true-up adjustments for Seaton MTS and Whitby Transformer Station (TS) in 2024 arose from different drivers under their respective Connection Cost Recovery Agreements (CCRAs) with Hydro One.

The true-up associated with Seaton MTS in 2024 resulted from a difference between the projected construction cost of the transmission assets used in the original Connection Cost Recovery Agreement (CCRA) and the final actual construction cost, rather than from differences between forecast and actual demand. Specifically, the CCRA for Seaton MTS was established using a projected construction cost of $7,448,000, based on planning-level assumptions available at the time the agreement was executed. Following detailed engineering, procurement, and construction, Hydro One completed the Actual Cost Reconciliation for the 230 kV transmission supply to Seaton MTS and their economic evaluation determined the final actual construction cost increased to $10,003,400. This variance resulted in an actual capital contribution of

$2,350,993.[1] The variance reflects updated construction scope and pricing identified through project execution, rather than changes in load realization.

The true-up associated with Whitby TS in 2024 resulted from the final 15-year revenue true-up under the applicable CCRA. Over the last true-up period, actual transformation revenues were lower than originally forecast, due to load realization being lower than assumed in the original agreement. This resulted in a revenue shortfall relative to the allocated construction cost and triggered a $4,062,000 true-up.

c) Elexicon continually refines and updates its load forecasting methodology as part of its ongoing planning process. Since the execution of the CCRAs for Seaton MTS and Whitby TS, Elexicon has implemented a newer load forecasting methodology. Please refer to the response in 2B-SEC-50 d).

[1] HONI initially provided an estimate of $3,244,400 for the Seaton Municipal Transformer Station Line Connection Actualization True-Up, however, refunded $893,407 due to a mistake in the HONI calculation.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-75

Substation Growth

Ref 2: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / Appendix I (PDF p. 413)

Question(s):

a) Please provide a table listing all actual and forecast CCRA payments to, and credits from, HONI over 2020 - 2031, including the project, payment due date and payment amount.

i. Please confirm where the historic and forecast costs are contained within reference 1.

b) For each actual and forecast cost owing to or credited from HONI over 2020-2031:

i. Please categorize the costs as construction costs or load true-up.

ii. Please provide the agreements between Elexicon Energy and HONI

iii. Please provide any estimates and calculations from HONI (i.e. output of the HONI DCF model). In the absence of estimates from HONI, please provide Elexicon Energy's detailed calculations of the true-up amount.

iv. In cases where Elexicon Energy forecasts a payment during 2027-2031 due to reduced or unrealized load, please explain why the load forecast at the time of the agreement with HONI was not realized.

c) Please identify any HONI CCRA payments associated with projects that were not identified in one of the regional plans submitted in this application.

RESPONSE:

a) Table 1 below shows all the actual and forecasted Connection and Cost Recovery Agreement (CCRA) payments to, and credits from, Hydro One Networks Inc. (HONI) over the 2020-2031 period. All amounts in Table 1 are without HST. Cost references are in Table 6 of Exhibit 2B - Tab 4 - Schedule 3 - Appendix I.

Table 1: Capital Contributions to HONI from 2020 to 2031

Project	Posted Date	Payment Amount ($M)	Payment Category	Cost Reference
Whitby Transformer Station New Dual Element Spot Network	2020	$2,134,700[1]	Load True-Up	Table 6; Year 2020
	2024	$4,062,100	Load True-Up	Table 6; Year 2024
Seaton Municipal Transformer Station Line Connection	2024	$2,350,993[2]	Construction Cost True-Up	Table 6; Year 2024
Belleville Transformer Station New Dual Element Spot Network	2023	$243,500	Construction Cost (Class 4 CCEA Advance Payment)	Table 6; Year 2023
	2024	$2,034,500	Construction Cost (Engineering Design Agreement Advance Payment)	Table 6; Year 2024
	2026	$16,159,400	Construction Cost	Table 6; Year 2026
GTA East Transformer Station Transmission Line	2031	$22,113,830	Construction Cost	Table 6; Years 2029 to 2031

a) i. Please see Table 1 above.

b) i. Please see Table 1 above.

[1] The payment of $2,134,700 was adjusted for $1,532,300 of prior year accruals with a net impact of $608,728, in capital expenditures included in Substation Growth in 2020.
[2] HONI initially provided an estimate of $3,244,400 for the Seaton Municipal Transformer Station Line Connection Actualization True-Up, however, refunded $893,407 due to a mistake in the HONI calculation.

b) ii. The CCRA documents for Whitby Transformer Station, Seaton Municipal Transformer Station Line Connection, and Belleville Transformer Station are in attachment 2-Staff-75(1)_CCRAs. Elexicon and HONI do not have a CCRA in place yet for the GTA East Transformer Station Transmission Line.

b) iii. The HONI Discounted Cash Flow (DCF) assessments for the Whitby Transformer Station, Seaton Municipal Transformer Station Line Connection, and Belleville Transformer Station are in attachment 2-Staff-75(2)_DCFs.

For the GTA East Transformer Station transmission line cost, HONI has not yet completed a formal DCF assessment. In the absence of a finalized DCF, the transmission line cost forecast was developed using preliminary information provided by HONI, informed by coordination discussions held in 2025.

Based on preliminary routing assumptions, HONI estimated that the GTA East transmission connection would require approximately 4.5 km of new right-of-way to connect to circuit T28C, along with less than 1 km of new facilities to facilitate a line tap to circuit P15C. Using a unit-cost approach applied to these indicative lengths, HONI developed a high-level capital cost estimate of approximately $29 million. In the absence of a formal DCF assessment, HONI then applied a planning-level DCF adjustment using Elexicon's load forecast to be served by the new GTA East Transformer Station. Based on this preliminary analysis, HONI estimated that the DCF reduction associated with Elexicon's load forecast is approximately $7 million, resulting in a net estimated transmission line cost of approximately $22 million.

b) iv. There are no cases where Elexicon Energy forecasts a payment during 2027-2031 due to reduced or unrealized load.

c) All transmission projects for which HONI capital contributions apply were identified through the applicable regional planning processes, with the sole exception of Whitby Transformer Station New Dual Element Spot Network. Whitby Transformer Station New Dual Element Spot Network

was placed into service in 2007, which predates the formalization of the current regional planning framework led by the Independent Electricity System Operator and HONI.

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Amended and Restated
Connection and Cost Recovery Agreement

between

Elexicon Energy Inc.
(formerly Whitby Hydro Electric Corporation)

and

Hydro One Networks Inc.

for

Whitby TS – Add Second DESN

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Elexicon Energy Inc. (as successor to Whitby Hydro Electric Corporation by amalgamation) (the "**Customer**") has requested and **Hydro One Networks Inc**. ("**Hydro One**") has agreed to build a new transformer station (the "**Project**") on the site of the existing Whitby TS [redacted] on the terms and conditions set forth in this Amended and Restated Agreement dated May 26th, 2021 (the "**Execution Date**") but made effective as of December 19, 2005 (the "**Agreement**") and the attached Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects V4 12-2005 (the "**Standard Terms and Conditions**"). Schedules "A" and "B" attached hereto and the Standard Terms and Conditions are to be read with and form part of this Agreement.

Project Summary

To supply the Customer's anticipated electricity load growth, Hydro One built, owns and operates a new dual wound 75/125 MVA, 230/44-27.6 kV transformer station on the site of the existing Whitby TS [redacted] (the "**Project**"). The Project came into service on November 30, 2007.

The Customer was allocated fifty percent (50%) of the new station capacity and was assigned all of the 44 kV breaker positions. Hydro One's costs for this project were apportioned fifty percent (50%) to the Customer and will be recovered through revenues to be received from the Customer associated with the new load to be supplied from the new TS and other payments as noted in Schedule B of this Agreement and the terms and conditions of this Agreement.

Term:

The term of this Agreement commences on December 19, 2005 ("**Effective Date**") and terminates on November 30, 2032 which is the 25th anniversary of the In Service Date.

Special Circumstances:

A. The Customer acknowledges that the remaining fifty percent (50%) of the new station capacity and all 27.6 kV breaker positions was assigned to Veridan Connections Inc. (the "**Third Party**") and Hydro One acknowledges that the Customer bears no responsibilities whatsoever for the portion of costs assigned to, and revenues or other payments to be received from, the Third Party.

B. This Agreement amends and restates the Connection Cost Recovery Agreement dated December 19, 2005.

C. The *Transmission System Code* on the Effective Date (and as of the execution date of this Agreement) requires that incremental load be calculated based on the load in excess of the capacity of existing stations ("**existing capacity**").

D. When Hydro One performed the (i) actual cost reconciliation in accordance with Section 10.1 of the Standard Terms and Conditions (the "**Actual Cost Reconciliation**"); and (ii) the True-Up performed on the 5th Anniversary of the In Service Date ("**5th Year True-Up**"), Hydro One made a methodology error in that Hydro One calculated the incremental load based on the load in excess of the existing load (103.3 MW) instead of the load in excess of existing capacity (110.6 MW).

E. As a result of the methodology error, the incremental load was overstated and the Customer was incorrectly informed that no additional Capital Contribution was required to be paid in 2008 following the Actual Cost Reconciliation.

F. As of the Execution Date, Hydro One has:

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(i) re-performed the Actual Cost Reconciliation and the 5th Year True-Up and has performed the 10th anniversary True-Up for the Project using the correct methodology for determining incremental load'; and

(ii) for the 10th anniversary True-Up for the Project using the load forecast provided by the Customer on October 21, 2019, with the following results:

Actual Cost Reconciliation and True-Ups	True-Up Performed Using Correct Methodology - Capital Contribution Amounts Owing	True-Up Performed Using Incorrect Methodology - Capital Contribution Amounts Owing
Actual Cost Reconciliation	$1,007,100 (excluding HST)	$0 (excluding HST)
5th Anniversary of the In Service Date	$0 (excluding HST)	$0 (excluding HST)
10th Anniversary of the In Service Date	$631,200 (excluding HST)	$636,600 (excluding HST)
Total	$1,638,300 (excluding HST)	$636,600 (excluding HST)

G. In respect of the additional Capital Contribution payable by the Customer as a result of Hydro One re-performing the Actual Cost Reconciliation and 5th anniversary True-Up and performing the 10th anniversary True-Up for the Project using the correct methodology, Hydro One contributed the sum of $1,001,700 towards same and the Customer paid the remaining $636,600 (plus HST) on December 13, 2019

The Customer hereby releases and forever discharges Hydro One from all actions, causes of action, suits, claims, complaints and demands whatsoever which the Customer has had, now has or which hereafter can, shall or may have against Hydro One, its subsidiaries and affiliates, its employees and representatives, arising out of or in connection with the error made by Hydro One described in this Agreement and the re-performance of the Actual Cost Reconciliation and 5th anniversary True-Up and the performance of the 10th anniversary True-Up for the Project using the correct methodology.

H. As the Customer's Actual Load was more than 20% lower than the Load Forecast at the end of the 10th anniversary of the In Service Date, Hydro One will be required to perform a third True-Up on the 15th anniversary of the In Service Date ("**15th Anniversary True-Up**"). The Customer acknowledges and agrees that Hydro One will use the correct methodology for determining incremental load. The Customer further acknowledges and agrees that should the result of the 15th Anniversary True-Up result in a:

(i) refund payable to the Customer, the Customer acknowledges and agrees that in consideration of the payment made by Hydro One under E above towards the Capital Contribution owing by the Customer described in D above, Hydro One will be entitled to 61% of the refund and the Customer shall be entitled to receive the remaining 39% of the refund; or

(ii) further capital contribution payable by the Customer, the Customer will be solely responsible for paying Hydro One 100% of the additional capital contribution payable at that time.

I. To the extent that there is a conflict between one or more provisions of the Standard Terms and Conditions and any one or more of subsections F., G. and H above, subsections F., G. and H above shall prevail.

[Entire Agreement clause and Signature Page Follows]

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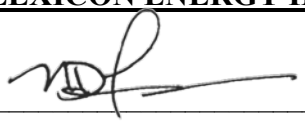
Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement, including, without limitation, the Connection Cost Recovery Agreement dated December 19, 2005.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper authorized signatories, as of the day and year first written above.

ELEXICON ENERGY INC.



Name: Norm Fraser
Title: Interim President & CEO
I have the authority to bind the Corporation

HYDRO ONE NETWORKS INC.

Susan Wylie
Director, Large Customer Account Management
I have the authority to bind the Corporation
May 26, 2021 | 11:00:27 AM EDT

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Schedule "A" (*Whitby TS Add Second DESN*)

PROJECT SCOPE

New or Modified Connection Facilities: A new DESN station with two transformers T1/T2 rated at 75/125 MVA, 230/44–27.6 kV, located at Hydro One's existing Whitby TS.

Connection Point: 230 kV Lines H24C and H26C

In Service Date: November 30, 2007

HYDRO ONE CONNECTION WORK

Part 1: Transformation Connection Pool Work

Hydro One:

- Provided two line terminating structures complete with two 230 kV, 2000A transformer switches complete with ground switches and provide the bus work associated with the connection of the switches from the line entrance to the transformer bushings.
- Provided two new 75/100/125 MVA, 230/44–27.6 kV transformers (T1 and T2)
- Provided surge arresters for both the HV and LV sides of the transformers, overhead connections from the 230 kV line-terminating structures and overhead connections to the 44 kV and 27.6 kV structures.
- Provided six 27.6 kV feeder positions for the Third Party, and four 44 kV feeder positions for the Customer.
- Provided both AC and DC station services to accommodate the TS.
- Expanded the existing relay building to accommodate the AC and DC station services, and all protection, control, metering and annunciation equipment.
- Performed a grounding study and ground potential rise study, and provide station ground grid to cover the New or Modified Facility. Provide lightning masts to protect the new facilities.
- Provided Protection, Control, Metering and Annunciation for the New or Modified Connection Facility.
- Provided instrument transformers for revenue metering to be located within the New or Modified Connection Facility. These will be supplied and installed by Hydro One under the Work Chargeable to Customer below.
- Provided spill containment facilities for the new transformers complete with sump pump, float alarms and oil detection devices to meet environmental regulatory requirements.
- Provided access road, grading, and drainage for the New or Modified Connection Facility.
- Provided footings and steel structures to support the new equipment associated with the New or Modified Connection Facility.
- Acquired the required municipal and government approvals and permits for the construction and operation of the New or Modified Connection Facility.
- Provided landscaping as required by the Town of Whitby.

Part 2: Line Connection Pool Work

Hydro One:

- Provided 230 kV line taps from circuits H24C and H26C to the station line terminating structures.

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Part 3: Network Pool Work (Non-Recoverable from Customer)

Hydro One:

- Revised, owns and maintains tele-protections for circuits H24C and H26C at Cherrywood TS required to accommodate the New or Modified Connection Facility.
- Modified the existing master SCADA at Hydro One's Ontario Grid Control Centre (OGCC) to provide control of the New or Modified Connection Facility.

Part 4: Work Chargeable to Customer

Hydro One:

- Installed Instrument Transformers (IT's) meeting IESO standards for the Customer's revenue metering as requested by the Customer. The IT's will be free standing devices installed on the 44 kV bus structure.
- Supplied and installed cabling from the ITs to the metering cabinet, 120-volt supply to the metering cabinet, and telephone cable to meter cabinet.
- Provided one spare PT and one spare CT. Customer to store the spare units.

CUSTOMER CONNECTION WORK

The Customer:

- Provided underground ducts from the station fence to the station steel structure and 44 kV feeder cables up to and including the cable pothead/terminators and secure the cables to the station steel structure.
- is the owner of, and has accountability for the revenue metering located within the TS. The revenue metering instrument transformers to be located within the TS were supplied and installed by Hydro One under the Work Chargeable to Customer above. The Customer transferred ownership of the revenue metering instrument transformers to Hydro One on the In Service Date.

EXISTING LOAD:

Existing Load Facility	Existing Load (Annual Peak Load) (MW)	Peak Load Index (PLI)	Normal Capacity (MW)
Whitby TS	103.3	0.82	110.6*

* Calculated on the basis of the allocation of five of eight feeders and a station summer 10-day LTR rating of 177 MW (5/8 x 177).

Notes: Existing Load (Annual Peak Load) – calculated in accordance with Section 6.2.2 of the *Transmission System Code.* Peak Load Index ("PLI") is calculated as the three-year average of the monthly peaks divided by the annual peak.

Power Factor: 0.9 provided by the Customer.

OTHER RELEVANT CONSIDERATIONS: None

EXCEPTIONAL CIRCUMSTANCES re. NETWORK CONSTRUCTION OR MODIFICATIONS:
None

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MISCELLANEOUS

Customer's GST/HST Registration Number: [redacted]

Documentation Required (after in service): None

Security Requirements: None

Security Date: None

Easement Required: None on the Whitby TS site.

Name of Third Party for Easement: None

Easement Lands: None

Easement Term: None

Approval Date (for OEB leave to construct): None

Revenue Metering: IESO compliant revenue metering to be provided by the Customer

Customer Notice Info:

Elexicon Energy Inc.
55 Taunton Road East, P.O. Box 59
Whitby, Ontario L1N 5R8

Attention: Kevin Whitehead, Vice President Asset Management

Fax #: 905 619 0210

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Revised Schedule "B" (*Whitby TS Add Second DESN*)

TRANSFORMATION CONNECTION POOL WORK

Actual Engineering and Construction Cost of the Transformation Connection Pool Work: $19,949,340.00 excluding HST. The Customer will be allocated 50% equal to $9,974,670.00 of the aforementioned amount for the purposes of calculating the Pool Funded Cost of the Transformation Connection Pool Work.

Actual Transformation Connection Pool Work Capital Contribution as of December 2019: $1,638,300.00 excluding HST (equivalent to present value of $1,351,200.00 excluding HST adjusted appropriately to reflect the time value of money in accordance with section 6.5.6 of the Code) based on the results of Hydro One re-performing the Actual Cost Reconciliation and 5th anniversary True-Ups and performing the 10th anniversary True-Up for the Project using the correct methodology.

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: No

LINE CONNECTION POOL WORK

Actual Engineering and Construction Cost of the Line Connection Pool Work: $1,386,000.00 excluding HST. The Customer will be allocated $693,000.00, equal to 50% of the aforementioned amount, for the purposes of calculating the Pool Funded Cost of the Transformation Connection Pool Work.

Actual Line Connection Pool Work Capital Contribution as of December 2019: $0.00 excluding HST based on the results of Hydro One re-performing the Actual Cost Reconciliation and 5th anniversary True-Ups and performing the 10th anniversary True-Up for the Project using the correct methodology.

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: No

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

Estimated Engineering and Construction cost of the Network Pool Work (Non-Recoverable From Customer): $172,100.00 excluding HST. Hydro One performed this work at its own expense.

WORK CHARGEABLE TO CUSTOMER

Actual Engineering and Construction Cost of the Work Chargeable To Customer: $116,541.50 excluding HST

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER

The Customer made the following progress payments prior to the In Service Date.

Payment Milestone Date	Transformation Pool Work Capital Contribution	Line Pool Work Capital Contribution	Work Chargeable To Customer	Total
May 31, 2006	$0.00	$0.00	$76,725.00	$76,725.00
May 31, 2007	$0.00	$0.00	$76,725.00	$76,725.00

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TRANSFORMATION CONNECTION REVENUE AND/OR LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Period*	New Load - Transformation (MW)	Adjusted Load Forecast** - Transformation (MW)	Transformation Connection Revenue (k$)	New Load - Line Connection (MW)	Adjusted Load Forecast **- Line Connection (MW)	Line Connection Revenue (k$)
2008	22.8	22.8	410.7	22.8	3.5	34.1
2009	29.5	29.5	531.3	29.5	4.5	44.1
2010	36.8	36.8	662.7	36.9	5.6	55.0
2011	46.9	46.9	844.5	-	7.1	69.9
2012	51.1	51.1	920.1	-	7.7	76.2
2013	57.4	57.4	1033.5	-	8.7	85.7
2014	60.2	60.2	1083.9	-	9.1	89.9
2015	64.2	64.2	1155.9	-	9.7	95.8
2016	64.5	64.5	1161.3	-	9.8	96.3
2017	64.5	64.5	1161.3	-	9.8	96.3
2018	64.5	64.5	1161.3	-	9.8	96.3
2019	64.5	64.5	1161.3	-	9.8	96.3
2020	64.5	64.5	1161.3	-	9.8	96.3
2021	64.5	64.5	1161.3	-	9.8	96.3
2022	64.5	64.5	1161.3	-	9.8	96.3
2023	64.5	64.5	1161.3	-	9.8	96.3
2024	64.5	64.5	1161.3	-	9.8	96.3
2025	64.5	64.5	1161.3	-	9.8	96.3
2026	64.5	64.5	1161.3	-	9.8	96.3
2027	64.5	64.5	1161.3	-	9.8	96.3
2028	64.5	64.5	1161.3	-	9.8	96.3
2029	64.5	64.5	1161.3	-	9.8	96.3
2030	64.5	64.5	1161.3	-	9.8	96.3
2031	64.5	64.5	1161.3	-	9.8	96.3
2032	64.5	64.5	1161.3	-	9.8	96.3

* **Period:** One year following the Ready for Service Date and annually thereafter.

** **Adjusted Load Forecast**: The load forecast to be used for true-up process.

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Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects

1.1 Each party represents and warrants to the other that:

(a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
(b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
(c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its' charter or by-law instruments; (ii) any contracts or instruments to which it is bound; or any laws applicable to it;
(d) any individual executing this Agreement, and any document in connection herewith, on its' behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
(e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
(f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The GST registration number for Hydro One is [redacted] and the GST registration number for the Customer is as specified in Schedule "A" of the Agreement; and
(g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

1.2 The Customer represents and warrants to Hydro One that it has obtained all necessary approvals with respect to the Customer's Facilities related to the Project (including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*).

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

(b) the Customer shall perform the Customer Connection Work, at its own expense;

(c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities;

(d) the Customer shall enter into a Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(e) the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;

(f) Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(g) Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;

(h) Hydro One is not permitted to Connect any new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;

(i) Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the *Transmission System Code*, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in addition to the Hydro One Connection Work described in Schedule "A", Hydro One shall:[1] provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the *Transmission System Code*, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in their entirety by reference into, and forms an integral part of

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the Agreement. All references to "this Agreement" in Section 27.13 shall be deemed to be a reference to the Agreement.

4. The Hydro One Connection Work and Hydro One's rights and requirements hereunder, including, but not limited to Hydro One's:

(i) specifications of the protection equipment on the Customer's side of the Connection Point;
(ii) acceptance of power system components on the Customer's side of the Connection Point;
(iii) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
(iv) participation in the commissioning, inspection or testing of the Customer's Facilities,

are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system. The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

(a) the Customer is in compliance with its obligations under the Agreement;
(b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;
(c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion thereof;
(d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the *Transmission System Code*) or a Force Majeure Event;
(e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
(f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*, such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;
(g) where applicable, Hydro One received the easement described in Section 22 hereof by the Easement Date specified in Schedule "A"; and
(h) the Customer executed the Agreement on or before the date specified as the Execution Date.

6. Upon completion of the Hydro One Connection Work:

(a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and
(b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

(i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and
(ii) that any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with regard to Hydro One's requirements to permit Connection of the New or Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of feeder connection, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with copies of the documentation specified in Schedule "A" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool

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Work and/or Line Connection Revenue for the Line Connection Pool Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work is provided in Schedule "B" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work and the Line Connection Pool Work is specified in Schedule "B" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "B" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a new Schedule "B" to replace Schedule "B" of the Agreement attached hereto which shall identify the following:

(i) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
(ii) the actual Engineering and Construction Cost of the Line Connection Pool Work;
(iii) the actual Engineering and Construction Cost of the Non-Poolable Work;
(iv) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work and the Line Connection Pool Work; and
(v) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "B" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contributions paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for either or both of the Transformation Connection Pool Work and the Line Connection Pool Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "B". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contributions required to be paid by the Customer for either or both of the Transformation Connection Pool Work and the Line Connection Pool Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "B".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

(a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs;

(b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer; or

(c) the construction of or modifications to Hydro One's Network Facilities that may be required to accommodate the New or Modified Connection.

10.3 Notwithstanding Sub-section 10.2 (c) above, Hydro One may include a capital contribution for network construction or modifications in the Capital Contributions referenced in Section 10.1 where Hydro One has indicated in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a capital contribution for network construction or modifications.

If Hydro One indicates that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution for network construction or modifications, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently pursue construction of or modifications to Hydro One's Network Facilities pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 19 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun construction of or modifications to Hydro One's Network Facilities, the Customer may request, in writing, that Hydro One not commence with construction of or modifications to Hydro One's Network Facilities and Hydro One shall promptly return to the Customer any outstanding security deposit related to the construction of or modifications to Hydro One's Network Facilities.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof and where this Capital Contribution includes the cost of capacity on the Connection Facility not needed by the Customer as indicated in Schedule "B" of the Agreement, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.2.25 of the *Transmission System Code* if that capacity is assigned to another Load Customer within five (5) years of the In Service Date.

11. Hydro One shall perform a True-Up, based on Actual Load, at the following True-Up Points:

(a) the end of the fifth and tenth anniversaries of the In Service Date;
(b) the end of the fifteenth anniversary of the In Service Date if the Actual Load is 20% higher or lower than the Load Forecast at the end of the tenth anniversary of the In Service Date; and
(c) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) or (b) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

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Within 30 calendar days following completion of each of the True-Ups referred to in 11(a) and (b), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

(i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefore; and

(ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with Hydro One's OEB approved connection procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code.*

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code)* during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the Transmission System Code when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14.1 Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code*.

14.2 If any provisions of this Part B are inconsistent with the *Transmission System Code* dated July 25, 2005 the said provision shall be deemed to be amended so as to comply with the *Transmission System Code* dated July 25, 2005.

Part C: Network Pool Work, Work Chargeable to Customer and Premium Costs

15.1. The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described as Work Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amount specified in Schedule "B" of the Agreement in the manner specified in Schedule "B" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

(a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or

(b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Section 10.3 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

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Part D: Cancellation or Deferral of Project and Early Termination of Agreement for Breach

17. If the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) incurred on and prior to the date that the Project is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs.

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

(i) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral; or

(ii) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or

(iii) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

The Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) which become payable under this Section 17 within 30 calendar days after the date of invoice.

Part E: Sale, Lease, Transfer or Other Disposition of Customer's Facilities

18. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part F: Security Requirements

19. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash, letter of credit or surety bond, the Customer shall furnish such security in the amount specified in Schedule "A" of the Agreement. Hydro One shall return the security deposit to The Customer as follows:

(i) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and
(ii) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where the Customer fails to pay any amount due under the Agreement within the time stipulated for payment or (b) in the circumstances described in Hydro One's connection procedures once those procedures have been approved by the OEB in accordance with the requirements of the *Transmission System Code.*

Part G: Disputes and the Ontario Energy Board

20. Prior to the OEB approving Hydro One's connection procedures to be filed by Hydro One in accordance with the requirements of the *Transmission System Code*, either party may refer a dispute between the Parties with respect to any of the matters listed in Section 6.1.4 of the *Transmission System Code* where either Party is alleging that the other is seeking to impose a term that is inconsistent or contrary to the *Ontario Energy Board Act*, the *Electricity Act, 1998*, Hydro One's transmission licence or the *Transmission System Code* to the OEB for a determination.

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In accordance with Section 12.1.1 of the Transmission System Code, once the OEB approves Hydro One's connection procedures which shall include a dispute resolution procedure, disputes regarding Hydro One's obligations under the *Ontario Energy Board Act, 1998,* the *Electricity Act, 1998*, Hydro One's transmission licence, the *Transmission System Code* or Hydro One's connection procedures shall be dealt with in accordance with the dispute resolution procedure outlined in Hydro One's OEB approved connection procedures.

21. Before and after the OEB approves Hydro One's connection procedures, if a dispute arises while Hydro One is constructing the New or Modified Connection Facilities, Hydro One shall not cease the work or slow the pace of the work without leave of the OEB.

Part H: Easement

22. If specified in Schedule "A" that an easement is required, the Customer shall use reasonable commercial efforts to cause the third party specified in Schedule "A" of the Agreement to grant an easement to Hydro One substantially in the form of the easement that shall be attached hereto as Appendix "B" of these Standard Terms and Conditions, if required, for the property described as the Easement Lands in Schedule "A" on or before the date specified as the Easement Date in Schedule "A" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of $2.00.

Part I: Events of Default

23. Each of the following events shall constitute an "Event of Default" under the Agreement:

(a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 17 within the time stipulated for payment;
(b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or
(c) the making of an order or resolution for the winding up of the Customer or of its operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer.

For greater certainty, a dispute between the Parties with respect to any of the matters listed in Section 6.1.4 of the *Transmission System Code w*here either Party is alleging that the other is seeking to impose a term that is inconsistent or contrary to the *Ontario Energy Board Act*, 1998, the *Electricity Act, 1998*, Hydro One's transmission licence or the *Transmission System Code* shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply with the terms of a determination of such a dispute by the OEB or with a decision of a court of competent jurisdiction with respect to a determination made by the OEB shall be considered an Event of Default under the Agreement.

24. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in section 23(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the balance of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1, 16, or 17.

25. Upon the occurrence of an Event of Default by Hydro One hereunder, the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

26. All rights and remedies of Hydro One and the Customer provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and the Customer respectively at law or in equity, and any one or more of Hydro One's and the Customer's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or the Customer may have or may have exercised. The parties further agree that where any of the remedies provided for and elected by the non-defaulting party are found to be unenforceable, the non-defaulting party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part J: Capital Contributions and Changes to Transmission Rates

27. Until Hydro One has published and the Ontario Energy Board has approved Hydro One's economic evaluation procedure in accordance with *Transmission System Code*, any capital contributions paid by the Customer under the terms of the Agreement are subject to adjustment with such adjustment to be solely based on the economic evaluation procedure approved by the OEB.

28. In the event that the Transformation Connection Service Rate or the Line Connection Service Rate is rescinded or the methodology of determination or components is materially changed, the Parties agree to negotiate a new mechanism for the purposes of the Agreement. The Parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate or the Line Connection Service Rate to agree to a new mechanism. If the Parties are unable to successfully negotiate a replacement within that 90 calendar day period, they shall submit to arbitration, in accordance with the requirements of the Transmission System Code (or the Connection Agreement); or if there is no arbitration provision in the Transmission System Code (or the Connection Agreement), to the requirements of the *Arbitration Act* (Ontario), as amended, to

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settle on a new mechanism. The decision of the arbitrator shall be binding on each party with no right of appeal.

The terms of reference of the arbitration shall be to identify a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate or the Line Connection Service Rate.

Any settlement on a new mechanism pursuant to this Section 28 shall apply retroactively from the date on which the Transformation Connection Service Rate or the Line Connection Service Rate was rescinded or fundamentally changed. Until such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate or the Line Connection Service Rate in effect prior to the effective date of any such changes.

Part K: Incorporation of Liability and Force Majeure Provisions

29. PART III: LIABILITY AND FORCE MAJEURE and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into, and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO "this Agreement" shall be deemed to be a reference to the Agreement and all references to the "the Transmitter" shall be deemed to be a reference to Hydro One.

Part L: General

30. The failure of any party hereto to enforce at any time any of the provisions of the Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of the Agreement or any part hereof or the right of any party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of the Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under the Agreement.

31. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

32. Any written notice required by the Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks Inc., 483 Bay Street, North Tower, 15th Floor, Toronto, Ontario M5G 2P5, fax no: (416) 345-6240 on behalf of Hydro One, and to the person at the address specified in Schedule "A" of the Agreement on behalf of the Customer.

A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. or on the next business day if received after 3 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

33. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein, and, subject to Section 20 and 28, the courts of Ontario shall have exclusive jurisdiction to determine all disputes arising out of the Agreement.

34. The Agreement may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

35. The Customer shall provide Hydro One with a copy of the Customer's final monthly bills associated with the Existing Facilities and/or the Customer's Facilities or authorize the IESO to provide Hydro One with same. Hydro One agrees to use this information solely for the purpose of the Agreement.

36. **Invoices and Interest:** Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

37. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16 or 17 shall survive the termination of the Agreement.

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Appendix "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Load" means the actual load delivered by Hydro One to the Customer up to the True-Up Point.

"Adjusted Load Forecast" means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" and "B" attached thereto and these Standard Terms and Conditions.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or governmental department, commission board, court authority or agency.

"Approval Date" means for the purpose of Subsection 5(f) of the Terms and Conditions, the date specified in Schedule "A" of the Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Connect and Connection" has the same meaning ascribed to the term "Connect" in the *Transmission System Code.*

"Connection Agreement" means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

"Connection Facilities" has the meaning set forth in the *Transmission System Code.*

"Connection Point" has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule "A".

"Customer Connection Work" means the work to be performed by the Customer, at its sole expense, which is described in Schedule "A" of the Agreement.

"Customer's Facilities" has the meaning set forth in the *Transmission System Code*, and includes, but is not limited to any new, modified or replaced Customer's Facilities.

"Customer's Property(ies)" means any lands owned by the Customer in fee simple or where the Customer has easement rights.

"Distributor" has the meaning set forth in the *Transmission System Code.*

"Economic Evaluation Period" means the period of twenty-five years commencing on the In Service Date.

"Engineering and Construction Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads as well as interest during construction using Hydro One's capitalization rate in effect during the construction period.

***"Electricity Act,* 1998"** means the *Electricity Act, 1998* being Schedule "A" of the *Energy Competition Act*, S.O. *1998*, c.15, as amended.

"Existing Load" has the meaning ascribed thereto in Section 3.0.3 of the *Transmission System Code*.

"Existing Load Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement where the Customer has Existing Load.

"Force Majeure Event" has the meaning ascribed thereto in the Connection Agreement.

"**GST**" means the Goods and Services Tax.

"Hydro One Connection Work" means the work to be performed by Hydro One, which is described in Schedule "A" of the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator continued under the *Electricity Act, 1998*.

"In Service Date" has the same meaning ascribed to the term "comes into service" in the *Transmission System Code*.

"Interest" means the interest rates specified by the Ontario Energy Board to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code*.

"Line Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Line Connection Pool Work".

"Line Connection Revenue" means the amount of line connection revenue attributable to the New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

"**Line Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 28.

"Load Customer" has the meaning set forth in the *Transmission System Code.*

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"Load Forecast" means the initial load forecast used in the initial economic evaluation for the Economic Evaluation Period.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle preventing the performance or exercise of a right.

"Network Facilities" has the meaning set forth in the *Transmission System Code.*

"Network Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Network Pool Work".

"New Load" means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

"New or Modified Connection Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement.

"Normal Capacity" means, where the Customer is:

(a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with Hydro One's connection procedures; and

(b) one of two or more Load Customers served by an Existing Load Facility, the Customer's pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with Hydro One's connection procedures.

"OEB" means the Ontario Energy Board.

"Ontario Energy Board Act" means the *Ontario Energy Board Act* being Schedule "B" of the *Energy Competition Act*, S.O. *1998*, c. 15, as amended.

"Pool-Funded Cost" means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work and/or the Line Connection Pool Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"**Rate Order"** has the meaning ascribed thereto in the *Transmission System Code.*

"Ready for Service Date" means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Standard Terms and Conditions" means these Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects and Appendices "A" and "B" attached hereto.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"Transformation Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Transformation Connection Pool Work".

"Transformation Connection Revenue" means the amount of transformation connection revenue attributable to the New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

"**Transformation Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 28.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

"Transmitter's Facilities" has the meaning ascribed thereto in the *Transmission System Code.*

"True-Up" means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the final revised *Transmission System Code.*

"True-Up Point" means the points of time when transmitters are required to True-Up low risk connections, namely at the points described in Section 11 of these Terms and Conditions.

"Updated Load Forecast" means the load forecast for the remainder of the Economic Evaluation Period.

"Work Chargeable to Customer" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Work Chargeable to Customer".

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Appendix "B": Form of Easement

DocuSign Envelope ID: 78DCD6D1-6771-400F-AEE2-D7ACBDC88FB5

Amended and Restated
Connection and Cost Recovery Agreement

between

Elexicon Energy Inc.
(formerly Veridian Connections Inc.)

and

Hydro One Networks Inc.

for

Whitby TS – Add Second DESN

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Elexicon Energy Inc. (as successor to Veridian Connections Inc. by amalgamation) (the "**Customer**") has requested and **Hydro One Networks Inc**. ("**Hydro One**") has agreed to build a new transformer station (the "**Project**") on the site of the existing Whitby TS [redacted] on the terms and conditions set forth in this Amended and Restated Agreement dated May 26, 2021 (the "**Execution Date**") but made effective as of December 19, 2005 (the "**Agreement**") and the attached Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects V4 12-2005 (the "**Standard Terms and Conditions**"). Schedules "A" and "B" attached hereto and the Standard Terms and Conditions are to be read with and form part of this Agreement.

Project Summary

To supply the Customer's anticipated electricity load growth, Hydro One built, owns and operates a new dual wound 75/125 MVA, 230/44-27.6 kV transformer station on the site of the existing Whitby TS [redacted] (the "**Project**"). The Project came into service on November 30, 2007.

The Customer was allocated fifty percent (50%) of the new station capacity and was assigned all of the 27.6 kV breaker positions. Hydro One's costs for this project were apportioned fifty percent (50%) to the Customer and will be recovered through revenues to be received from the Customer associated with the new load to be supplied from the new TS and other payments as noted in Schedule B of this Agreement and the terms and conditions of this Agreement.

Term:

The term of this Agreement commences on December 19, 2005 ("**Effective Date**") and terminates on November 30, 2032 which is the 25th anniversary of the In Service Date.

Special Circumstances:

A. The Customer acknowledges that the remaining fifty percent (50%) of the new station capacity and all 44 kV breaker positions was assigned to Whitby Hydro Electric Corporation (the " **third party**") and Hydro One acknowledges that the customer bears no responsibilities whatsoever for the portion of costs assigned to, and revenues or other payments to be received from, the Third Party.

B. This Agreement amends and restates the Connection Cost Recovery Agreement dated December 19, 2005.

C. The *Transmission System Code* on the Effective Date (and as of the execution date of this Agreement) only permits existing stations with transfer capability with the new station to be considered to be an existing facility for the purpose of determining incremental load.

D. When Hydro One performed the True-Up for the 5th Anniversary of the In Service Date ("**5th Year True-Up**"), Hydro One made a methodology error in that Hydro One considered an existing station with no transfer capability with the new station in the calculation of the incremental load.

E. As a result of the methodology error, the incremental load was overstated and the Customer was incorrectly informed that no additional Capital Contribution was required to be paid in 2014 following the 5th Year True-Up.

F. As of the Execution Date, Hydro One has:

(i) re-performed the Actual cost reconciliation and 5th Year True-Up and has performed the 10th anniversary True-Up for the Project using the correct methodology for determining incremental load'; and

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(ii) for the 10th anniversary True-Up for the Project using the load forecast provided by the Customer on December 7, 2020, with the following results:

Actual Cost Reconciliation and True-Ups	True-Up Performed Using Correct Methodology - Capital Contribution Amounts Owing	True-Up Performed Using Incorrect Methodology - Capital Contribution Amounts Owing
Actual Cost Reconciliation	$0	*Not Necessary
5th Anniversary of the In Service Date	$3,081,900 (excluding HST)	$0
10th Anniversary of the In Service Date	$3,273,200 (excluding HST)	$2,134,700 (excluding HST)
Total	$6,355,100 (excluding HST)	$2,134,700 (excluding HST)

* The Actual Cost Reconciliation used the correct methodology ($0 owing) and therefore re-performing the economic evaluation based on the incorrect methodology was not necessary.

G. In respect of the additional Capital Contribution payable by the Customer as a result of Hydro One re-performing the 5th anniversary True-Up and performing the 10th anniversary True-Up for the Project using the correct methodology, Hydro One contributed the sum of $4,220,400 towards same and the Customer paid the remaining $2,134,700 (plus HST) on January 15, 2021.

The Customer hereby releases and forever discharges Hydro One from all actions, causes of action, suits, claims, complaints and demands whatsoever which the Customer has had, now has or which hereafter can, shall or may have against Hydro One, its subsidiaries and affiliates, its employees and representatives, arising out of or in connection with the error made by Hydro One described in this Agreement and the re-performance of the 5th anniversary True-Up and performance of the 10th anniversary True-Up for the Project using the correct methodology.

H. As the Customer's Actual Load was more than 20% lower than the Load Forecast at the end of the 10th anniversary of the In Service Date, Hydro One will be required to perform a third True-Up on the 15th anniversary of the In Service Date ("**15th Anniversary True-Up**"). The Customer acknowledges and agrees that Hydro One will use the correct methodology for determining incremental load. The Customer further acknowledges and agrees that should the result of the 15th Anniversary True-Up result in a:

(i) refund payable to the Customer, the Customer acknowledges and agrees that in consideration of the $4,220,400 payment made by Hydro One towards the additional Capital Contribution payable by the Customer described in F above, Hydro One will be entitled to 66% of the refund and the Customer shall be entitled to receive the remaining 34% of the refund; or

(ii) a further capital contribution payable by the Customer, the Customer will be solely responsible for paying Hydro One 100% of the additional capital contribution payable at that time.

I. To the extent that there is a conflict between one or more provisions of the Standard Terms and Conditions and any one or more of subsections F, G and H above, subsections F, G and H above shall prevail.

[Entire Agreement clause and Signature Page Follows]

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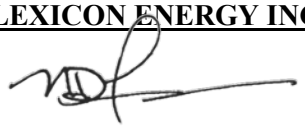
Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement, including, without limitation, the Connection Cost Recovery Agreement dated December 19, 2005.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper authorized signatories, as of the day and year first written above.

ELEXICON ENERGY INC.



_____

Name: Norm Fraser
Title: Interim President & CEO
I have the authority to bind the Corporation

HYDRO ONE NETWORKS INC.

_____

Susan Wylie
Director, Large Customer Account Management
I have the authority to bind the Corporation
May 26, 2021 | 11:00:00 AM EDT

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Schedule "A" (*Whitby TS Add Second DESN*)

PROJECT SCOPE

New or Modified Connection Facilities: A new DESN station with two transformers T1/T2 rated at 75/125 MVA, 230/44–27.6 kV, located at Hydro One's existing Whitby TS.

Connection Point: 230 kV Lines H24C and H26C

In Service Date: November 30, 2007

HYDRO ONE CONNECTION WORK

Part 1: Transformation Connection Pool Work

Hydro One:

- Provided two line terminating structures complete with two 230 kV, 2000A transformer switches complete with ground switches and provide the bus work associated with the connection of the switches from the line entrance to the transformer bushings.
- Provided two new 75/100/125 MVA, 230/44–27.6 kV transformers (T1 and T2)
- Provided surge arresters for both the HV and LV sides of the transformers, overhead connections from the 230 kV line-terminating structures and overhead connections to the 44 kV and 27.6 kV structures.
- Provided six 27.6 kV feeder positions for the customer, and four 44 kV feeder positions for the third party.
- Provided both AC and DC station services to accommodate the TS.
- Expanded the existing relay building to accommodate the AC and DC station services, and all protection, control, metering and annunciation equipment.
- Performed a grounding study and ground potential rise study, and provide station ground grid to cover the New or Modified Facility. Provide lightning masts to protect the new facilities.
- Provided Protection, Control, Metering and Annunciation for the New or Modified Connection Facility.
- Provided instrument transformers for revenue metering to be located within the New or Modified Connection Facility. These will be supplied and installed by Hydro One under the Work Chargeable to Customer below.
- Provided spill containment facilities for the new transformers complete with sump pump, float alarms and oil detection devices to meet environmental regulatory requirements.
- Provided access road, grading, and drainage for the New or Modified Connection Facility.
- Provided footings and steel structures to support the new equipment associated with the New or Modified Connection Facility.
- Acquired the required municipal and government approvals and permits for the construction and operation of the New or Modified Connection Facility.
- Provided landscaping as required by the Town of Whitby.

Part 2: Line Connection Pool Work

Hydro One:

- Provided 230 kV line taps from circuits H24C and H26C to the station line terminating structures.

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Part 3: Network Pool Work (Non-Recoverable from Customer)

Hydro One:

- Revised, owns and maintains tele-protections for circuits H24C and H26C at Cherrywood TS required to accommodate the New or Modified Connection Facility.
- Modified the existing master SCADA at Hydro One's Ontario Grid Control Centre (OGCC) to provide control of the New or Modified Connection Facility.

Part 4: Work Chargeable to Customer

Hydro One:

- Installed Instrument Transformers (IT's) meeting IESO standards for the Customer's revenue metering as requested by the Customer. The IT's will be free standing devices installed on the 44 kV bus structure.
- Supplied and installed cabling from the ITs to the metering cabinet, 120-volt supply to the metering cabinet, and telephone cable to meter cabinet.
- Provided one spare PT and one spare CT. Customer to store the spare units.

CUSTOMER CONNECTION WORK

The Customer:

- Provided underground ducts from the station fence to the station steel structure and 27.6 kV feeder cables up to and including the cable pothead/terminators and secure the cables to the station steel structure.
- is the owner of, and has accountability for the revenue metering located within the TS. The revenue metering instrument transformers to be located within the TS were supplied and installed by Hydro One under the Work Chargeable to Customer above. The Customer transferred ownership of the revenue metering instrument transformers to Hydro One on the In Service Date.

EXISTING LOAD:

Existing Load Facility	Existing Load (Annual Peak Load) (MW)	Peak Load Index (PLI)	Normal Capacity (MW)
No Existing Connection Facility with Transfer Capability	-	-	-

OTHER RELEVANT CONSIDERATIONS: None

EXCEPTIONAL CIRCUMSTANCES re. NETWORK CONSTRUCTION OR MODIFICATIONS:
None

MISCELLANEOUS

Customer's GST/HST Registration Number: [redacted]

Documentation Required (after in service): None

Security Requirements: None

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Security Date: None

Easement Required: None on the Whitby TS site.

Name of Third Party for Easement: None

Easement Lands: None

Easement Term: None

Approval Date (for OEB leave to construct): None

Revenue Metering: IESO compliant revenue metering to be provided by the Customer

Customer Notice Info:

Elexicon Energy Inc.
55 Taunton Road East, P.O. Box 59
Whitby, Ontario L1N 5R8

Attention: Kevin Whitehead Vice President, Asset Management

Fax #: 905 619 0210

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Revised Schedule "B" (*Whitby TS Add Second DESN*)

TRANSFORMATION CONNECTION POOL WORK

Actual Engineering and Construction Cost of the Transformation Connection Pool Work: $19,949,340.00 excluding HST. The Customer will be allocated 50% equal to $9,974,670.00 of the aforementioned amount for the purposes of calculating the Pool Funded Cost of the Transformation Connection Pool Work.

Actual Transformation Connection Pool Work Capital Contribution as of December 2020: $6,355,100.00 excluding HST (equivalent to present value of $4,060,300.00 excluding HST adjusted appropriately to reflect the time value of money in accordance with section 6.5.6 of the Code) based on the results of Hydro One re-performing the 5th anniversary True-Up and performing the 10th anniversary True-Up for the Project using the correct methodology.

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: No

LINE CONNECTION POOL WORK

Actual Engineering and Construction Cost of the Line Connection Pool Work: $1,386,000.00 excluding HST. The Customer will be allocated $693,000.00, equal to 50% of the aforementioned amount, for the purposes of calculating the Pool Funded Cost of the Transformation Connection Pool Work.

Actual Line Connection Pool Work Capital Contribution as of December 2020: $0.00 excluding HST based on the results of Hydro One re-performing the 5th anniversary True-Up and performing the 10th anniversary True-Up for the Project using the correct methodology.

Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: No

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

Estimated Engineering and Construction cost of the Network Pool Work (Non-Recoverable From Customer): $172,100.00 excluding HST. Hydro One performed this work at its own expense.

WORK CHARGEABLE TO CUSTOMER

Actual Engineering and Construction Cost of the Work Chargeable To Customer: $116,541.50 excluding HST

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER

The Customer made the following progress payments prior to the In Service Date.

Payment Milestone Date	Transformation Pool Work Capital Contribution	Line Pool Work Capital Contribution	Work Chargeable To Customer	Total
May 31, 2006	$0.00	$0.00	$76,725.00	$76,725.00
May 31, 2007	$0.00	$0.00	$76,725.00	$76,725.00

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TRANSFORMATION CONNECTION REVENUE AND/OR LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Period*	New Load - Transformation (MW)	Adjusted Load Forecast**- Transformation (MW)	Transformation Connection Revenue ($k)	New Load - Line Connection (MW)	Adjusted Load Forecast **- Line Connection (MW)	Line Connection Revenue ($k)
2008	25.8	25.8	464.4	25.8	3.5	35
2009	34.9	34.9	628.7	34.9	4.8	47
2010	44.1	44.1	793.1	44.1	6	59
2011	53.4	53.4	960.8	-	7.3	72
2012	60.8	60.8	1,094.70	-	8.3	82
2013	63.3	63.3	1,139.80	-	8.6	85
2014	65.4	65.4	1,177.10	-	8.9	88
2015	65.6	65.6	1,180.30	-	9	88
2016	67.9	67.9	1,221.30	-	9.3	91
2017	68.1	68.1	1,225.50	-	9.3	92
2018	68.1	68.1	1,226.00	-	9.3	92
2019	70.0	70.0	1,259.80	-	9.6	94
2020	72.0	72.0	1,296.70	-	9.8	97
2021	72.2	72.2	1,299.80	-	9.9	97
2022	72.2	72.2	1,299.80	-	9.9	97
2023	72.2	72.2	1,299.80	-	9.9	97
2024	72.2	722	1,299.80	-	9.9	97
2025	72.2	72.2	1,299.80	-	9.9	97
2026	72.2	72.2	1,299.80	-	9.9	97
2027	72.2	72.2	1,299.80	-	9.9	97
2028	72.2	72.2	1,299.80	-	9.9	97
2029	72.2	72.2	1,299.80	-	9.9	97
2030	72.2	72.2	1,299.80	-	9.9	97
2031	72.2	72.2	1,299.80	-	9.9	97
2032	72.2	72.2	1,299.80	-	9.9	97

***Period:** One year following the Ready for Service Date and annually thereafter.
** **Adjusted Load Forecast**: The load forecast to be used for true-up process.

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Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects

1.1 Each party represents and warrants to the other that:

(a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
(b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
(c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its' charter or by-law instruments; (ii) any contracts or instruments to which it is bound; or any laws applicable to it;
(d) any individual executing this Agreement, and any document in connection herewith, on its' behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
(e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
(f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The GST registration number for Hydro One is [redacted] and the GST registration number for the Customer is as specified in Schedule "A" of the Agreement; and
(g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

1.2 The Customer represents and warrants to Hydro One that it has obtained all necessary approvals with respect to the Customer's Facilities related to the Project (including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*).

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

(b) the Customer shall perform the Customer Connection Work, at its own expense;

(c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities;

(d) the Customer shall enter into a Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(e) the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;

(f) Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(g) Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;

(h) Hydro One is not permitted to Connect any new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;

(i) Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the *Transmission System Code*, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in addition to the Hydro One Connection Work described in Schedule "A", Hydro One shall:[1] provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the *Transmission System Code*, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in their entirety by reference into, and forms an integral part of

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the Agreement. All references to "this Agreement" in Section 27.13 shall be deemed to be a reference to the Agreement.

4. The Hydro One Connection Work and Hydro One's rights and requirements hereunder, including, but not limited to Hydro One's:

(i) specifications of the protection equipment on the Customer's side of the Connection Point;
(ii) acceptance of power system components on the Customer's side of the Connection Point;
(iii) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
(iv) participation in the commissioning, inspection or testing of the Customer's Facilities,

are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system. The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

(a) the Customer is in compliance with its obligations under the Agreement;
(b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;
(c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion thereof;
(d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the *Transmission System Code*) or a Force Majeure Event;
(e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
(f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*, such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;
(g) where applicable, Hydro One received the easement described in Section 22 hereof by the Easement Date specified in Schedule "A"; and
(h) the Customer executed the Agreement on or before the date specified as the Execution Date.

6. Upon completion of the Hydro One Connection Work:

(a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and
(b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

(i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and
(ii) that any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with regard to Hydro One's requirements to permit Connection of the New or Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of feeder connection, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with copies of the documentation specified in Schedule "A" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool

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Work and/or Line Connection Revenue for the Line Connection Pool Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work is provided in Schedule "B" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work and the Line Connection Pool Work is specified in Schedule "B" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "B" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a new Schedule "B" to replace Schedule "B" of the Agreement attached hereto which shall identify the following:

(i) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
(ii) the actual Engineering and Construction Cost of the Line Connection Pool Work;
(iii) the actual Engineering and Construction Cost of the Non-Poolable Work;
(iv) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work and the Line Connection Pool Work; and
(v) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "B" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contributions paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for either or both of the Transformation Connection Pool Work and the Line Connection Pool Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "B". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contributions required to be paid by the Customer for either or both of the Transformation Connection Pool Work and the Line Connection Pool Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "B".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

(a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs;

(b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer; or

(c) the construction of or modifications to Hydro One's Network Facilities that may be required to accommodate the New or Modified Connection.

10.3 Notwithstanding Sub-section 10.2 (c) above, Hydro One may include a capital contribution for network construction or modifications in the Capital Contributions referenced in Section 10.1 where Hydro One has indicated in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a capital contribution for network construction or modifications.

If Hydro One indicates that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution for network construction or modifications, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently pursue construction of or modifications to Hydro One's Network Facilities pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 19 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun construction of or modifications to Hydro One's Network Facilities, the Customer may request, in writing, that Hydro One not commence with construction of or modifications to Hydro One's Network Facilities and Hydro One shall promptly return to the Customer any outstanding security deposit related to the construction of or modifications to Hydro One's Network Facilities.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof and where this Capital Contribution includes the cost of capacity on the Connection Facility not needed by the Customer as indicated in Schedule "B" of the Agreement, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.2.25 of the *Transmission System Code* if that capacity is assigned to another Load Customer within five (5) years of the In Service Date.

11. Hydro One shall perform a True-Up, based on Actual Load, at the following True-Up Points:

(a) the end of the fifth and tenth anniversaries of the In Service Date;
(b) the end of the fifteenth anniversary of the In Service Date if the Actual Load is 20% higher or lower than the Load Forecast at the end of the tenth anniversary of the In Service Date; and
(c) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) or (b) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

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Within 30 calendar days following completion of each of the True-Ups referred to in 11(a) and (b), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

(i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefore; and

(ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with Hydro One's OEB approved connection procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code.*

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code)* during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the Transmission System Code when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14.1 Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code*.

14.2 If any provisions of this Part B are inconsistent with the *Transmission System Code* dated July 25, 2005 the said provision shall be deemed to be amended so as to comply with the *Transmission System Code* dated July 25, 2005.

Part C: Network Pool Work, Work Chargeable to Customer and Premium Costs

15.1. The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described as Work Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amount specified in Schedule "B" of the Agreement in the manner specified in Schedule "B" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

(a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or

(b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Section 10.3 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

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Part D: Cancellation or Deferral of Project and Early Termination of Agreement for Breach

17. If the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) incurred on and prior to the date that the Project is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs.

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

(i) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral; or

(ii) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or

(iii) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination, cancellation or deferral. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

The Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) which become payable under this Section 17 within 30 calendar days after the date of invoice.

Part E: Sale, Lease, Transfer or Other Disposition of Customer's Facilities

18. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part F: Security Requirements

19. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash, letter of credit or surety bond, the Customer shall furnish such security in the amount specified in Schedule "A" of the Agreement. Hydro One shall return the security deposit to The Customer as follows:

(i) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and
(ii) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where the Customer fails to pay any amount due under the Agreement within the time stipulated for payment or (b) in the circumstances described in Hydro One's connection procedures once those procedures have been approved by the OEB in accordance with the requirements of the *Transmission System Code.*

Part G: Disputes and the Ontario Energy Board

20. Prior to the OEB approving Hydro One's connection procedures to be filed by Hydro One in accordance with the requirements of the *Transmission System Code*, either party may refer a dispute between the Parties with respect to any of the matters listed in Section 6.1.4 of the *Transmission System Code* where either Party is alleging that the other is seeking to impose a term that is inconsistent or contrary to the *Ontario Energy Board Act*, the *Electricity Act, 1998*, Hydro One's transmission licence or the *Transmission System Code* to the OEB for a determination.

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In accordance with Section 12.1.1 of the Transmission System Code, once the OEB approves Hydro One's connection procedures which shall include a dispute resolution procedure, disputes regarding Hydro One's obligations under the *Ontario Energy Board Act, 1998,* the *Electricity Act, 1998*, Hydro One's transmission licence, the *Transmission System Code* or Hydro One's connection procedures shall be dealt with in accordance with the dispute resolution procedure outlined in Hydro One's OEB approved connection procedures.

21. Before and after the OEB approves Hydro One's connection procedures, if a dispute arises while Hydro One is constructing the New or Modified Connection Facilities, Hydro One shall not cease the work or slow the pace of the work without leave of the OEB.

Part H: Easement

22. If specified in Schedule "A" that an easement is required, the Customer shall use reasonable commercial efforts to cause the third party specified in Schedule "A" of the Agreement to grant an easement to Hydro One substantially in the form of the easement that shall be attached hereto as Appendix "B" of these Standard Terms and Conditions, if required, for the property described as the Easement Lands in Schedule "A" on or before the date specified as the Easement Date in Schedule "A" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of $2.00.

Part I: Events of Default

23. Each of the following events shall constitute an "Event of Default" under the Agreement:

(a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 17 within the time stipulated for payment;
(b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or
(c) the making of an order or resolution for the winding up of the Customer or of its operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer.

For greater certainty, a dispute between the Parties with respect to any of the matters listed in Section 6.1.4 of the *Transmission System Code w*here either Party is alleging that the other is seeking to impose a term that is inconsistent or contrary to the *Ontario Energy Board Act*, 1998, the *Electricity Act, 1998*, Hydro One's transmission licence or the *Transmission System Code* shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply with the terms of a determination of such a dispute by the OEB or with a decision of a court of competent jurisdiction with respect to a determination made by the OEB shall be considered an Event of Default under the Agreement.

24. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in section 23(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the balance of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1, 16, or 17.

25. Upon the occurrence of an Event of Default by Hydro One hereunder, the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

26. All rights and remedies of Hydro One and the Customer provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and the Customer respectively at law or in equity, and any one or more of Hydro One's and the Customer's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or the Customer may have or may have exercised. The parties further agree that where any of the remedies provided for and elected by the non-defaulting party are found to be unenforceable, the non-defaulting party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part J: Capital Contributions and Changes to Transmission Rates

27. Until Hydro One has published and the Ontario Energy Board has approved Hydro One's economic evaluation procedure in accordance with *Transmission System Code*, any capital contributions paid by the Customer under the terms of the Agreement are subject to adjustment with such adjustment to be solely based on the economic evaluation procedure approved by the OEB.

28. In the event that the Transformation Connection Service Rate or the Line Connection Service Rate is rescinded or the methodology of determination or components is materially changed, the Parties agree to negotiate a new mechanism for the purposes of the Agreement. The Parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate or the Line Connection Service Rate to agree to a new mechanism. If the Parties are unable to successfully negotiate a replacement within that 90 calendar day period, they shall submit to arbitration, in accordance with the requirements of the Transmission System Code (or the Connection Agreement); or if there is no arbitration provision in the Transmission System Code (or the Connection Agreement), to the requirements of the *Arbitration Act* (Ontario), as amended, to

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settle on a new mechanism. The decision of the arbitrator shall be binding on each party with no right of appeal.

The terms of reference of the arbitration shall be to identify a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate or the Line Connection Service Rate.

Any settlement on a new mechanism pursuant to this Section 28 shall apply retroactively from the date on which the Transformation Connection Service Rate or the Line Connection Service Rate was rescinded or fundamentally changed. Until such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate or the Line Connection Service Rate in effect prior to the effective date of any such changes.

Part K: Incorporation of Liability and Force Majeure Provisions

29. PART III: LIABILITY AND FORCE MAJEURE and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into, and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO "this Agreement" shall be deemed to be a reference to the Agreement and all references to the "the Transmitter" shall be deemed to be a reference to Hydro One.

Part L: General

30. The failure of any party hereto to enforce at any time any of the provisions of the Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of the Agreement or any part hereof or the right of any party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of the Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under the Agreement.

31. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

32. Any written notice required by the Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks Inc., 483 Bay Street, North Tower, 15th Floor, Toronto, Ontario M5G 2P5, fax no: (416) 345-6240 on behalf of Hydro One, and to the person at the address specified in Schedule "A" of the Agreement on behalf of the Customer.

A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. or on the next business day if received after 3 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

33. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein, and, subject to Section 20 and 28, the courts of Ontario shall have exclusive jurisdiction to determine all disputes arising out of the Agreement.

34. The Agreement may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

35. The Customer shall provide Hydro One with a copy of the Customer's final monthly bills associated with the Existing Facilities and/or the Customer's Facilities or authorize the IESO to provide Hydro One with same. Hydro One agrees to use this information solely for the purpose of the Agreement.

36. **Invoices and Interest:** Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

37. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16 or 17 shall survive the termination of the Agreement.

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Appendix "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Load" means the actual load delivered by Hydro One to the Customer up to the True-Up Point.

"Adjusted Load Forecast" means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" and "B" attached thereto and these Standard Terms and Conditions.

"Applicable Laws", means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or governmental department, commission board, court authority or agency.

"Approval Date" means for the purpose of Subsection 5(f) of the Terms and Conditions, the date specified in Schedule "A" of the Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Connect and Connection" has the same meaning ascribed to the term "Connect" in the *Transmission System Code.*

"Connection Agreement" means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

"Connection Facilities" has the meaning set forth in the *Transmission System Code.*

"Connection Point" has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule "A".

"Customer Connection Work" means the work to be performed by the Customer, at its sole expense, which is described in Schedule "A" of the Agreement.

"Customer's Facilities" has the meaning set forth in the *Transmission System Code*, and includes, but is not limited to any new, modified or replaced Customer's Facilities.

"Customer's Property(ies)" means any lands owned by the Customer in fee simple or where the Customer has easement rights.

"Distributor" has the meaning set forth in the *Transmission System Code.*

"Economic Evaluation Period" means the period of twenty-five years commencing on the In Service Date.

"Engineering and Construction Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads as well as interest during construction using Hydro One's capitalization rate in effect during the construction period.

***"Electricity Act,* 1998"** means the *Electricity Act, 1998* being Schedule "A" of the *Energy Competition Act*, S.O. *1998*, c.15, as amended.

"Existing Load" has the meaning ascribed thereto in Section 3.0.3 of the *Transmission System Code*.

"Existing Load Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement where the Customer has Existing Load.

"Force Majeure Event" has the meaning ascribed thereto in the Connection Agreement.

"**GST**" means the Goods and Services Tax.

"Hydro One Connection Work" means the work to be performed by Hydro One, which is described in Schedule "A" of the Agreement.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator continued under the *Electricity Act, 1998*.

"In Service Date" has the same meaning ascribed to the term "comes into service" in the *Transmission System Code*.

"Interest" means the interest rates specified by the Ontario Energy Board to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code*.

"Line Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Line Connection Pool Work".

"Line Connection Revenue" means the amount of line connection revenue attributable to the New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

"**Line Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 28.

"Load Customer" has the meaning set forth in the *Transmission System Code.*

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"Load Forecast" means the initial load forecast used in the initial economic evaluation for the Economic Evaluation Period.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle preventing the performance or exercise of a right.

"Network Facilities" has the meaning set forth in the *Transmission System Code.*

"Network Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Network Pool Work".

"New Load" means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

"New or Modified Connection Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement.

"Normal Capacity" means, where the Customer is:

(a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with Hydro One's connection procedures; and

(b) one of two or more Load Customers served by an Existing Load Facility, the Customer's pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with Hydro One's connection procedures.

"OEB" means the Ontario Energy Board.

"Ontario Energy Board Act" means the *Ontario Energy Board Act* being Schedule "B" of the *Energy Competition Act*, S.O. *1998*, c. 15, as amended.

"Pool-Funded Cost" means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work and/or the Line Connection Pool Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"**Rate Order"** has the meaning ascribed thereto in the *Transmission System Code.*

"Ready for Service Date" means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Standard Terms and Conditions" means these Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects and Appendices "A" and "B" attached hereto.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"Transformation Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Transformation Connection Pool Work".

"Transformation Connection Revenue" means the amount of transformation connection revenue attributable to the New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

"**Transformation Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 28.

"Transmission System Code" means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

"Transmitter's Facilities" has the meaning ascribed thereto in the *Transmission System Code.*

"True-Up" means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the final revised *Transmission System Code.*

"True-Up Point" means the points of time when transmitters are required to True-Up low risk connections, namely at the points described in Section 11 of these Terms and Conditions.

"Updated Load Forecast" means the load forecast for the remainder of the Economic Evaluation Period.

"Work Chargeable to Customer" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Work Chargeable to Customer".

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Appendix "B": Form of Easement

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) - LOAD

between

Veridian Connections Inc.

and

Hydro One Networks Inc.

for

230 kV Transmission Supply to Seaton MTS #1

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) – LOAD

Veridian Connections Inc. (the "**Customer**") has requested and Hydro One Networks Inc. ("**Hydro One**") has agreed to provide 230 kV supply via two 230 kV circuits to the Customer-owned Seaton MTS #1 (the "**Project**") on the terms and conditions set forth in this Agreement dated 28th day of September, 2018 (the "**Agreement**") and the attached Standard Terms and Conditions for Load Customer Transmission Customer Connection Projects V5 6-2014 (the "**Standard Terms and Conditions**" or "**T&C**"). Schedules "A", "B", "C", "D", "E" and "F" attached hereto and the Standard Terms and Conditions are to be read with and form part of this Agreement.

Project Summary

The Customer is proposing to connect a new Customer-owned transformer station known as Seaton MTS #1, which will consist of two 230-28 kV, 75/125 MVA transformers (the "**Proposed Seaton MTS #1**") to Hydro One's transmission system [redacted] To supply the transformer station at this site, Hydro One is proposing to replace the [redacted] section of the T28C line with a new double circuit 230kV line, extend the C10A circuit [redacted] and build a short [redacted] double circuit tap from [redacted] to the station site.

Hydro One and the Customer are parties to an Environmental Assessment Study Agreement dated February 17, 2016 whereby Hydro One and the Customer are jointly conducting and co-authoring the Environmental Study Report required for the Environmental Assessment for the extension of the Hydro One's existing 230 kV C10A and T28C circuits (the "**Co-Proponency Agreement**").

Term: The term of this Agreement commences on the date first written above and terminates on the 25th anniversary of the In Service Date.

Special Circumstances

In addition to the circumstances described in Section 5 of the Standard Terms and Conditions, the Ready for Service Date is subject to:

(a) the Customer executing and delivering this Agreement to Hydro One by no later than October 5th, 2018 (the "**Execution Date**"); and

(b) all environmental approvals applicable to the Project being obtained by no later than December 5th, 2019; and

(c) Hydro One being able to secure all temporary and permanent property rights associated with the use of access roads and construction and maintenance of new transmission towers prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date.

Subject to Section 31, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper authorized signatories, as of the day and year first written above.

VERIDIAN CONNECTIONS INC.

Michael Angemeer, P.Eng
President and CEO
I have the authority to bind the Corporation

HYDRO ONE NETWORKS INC.

Spencer Gill
Director, Large Customer Account Management
Execution Date:
I have the authority to bind the Corporation

Schedule "A" 230 kV Transmission Supply to Seaton MTS #1

PROJECT SCOPE

New or Modified Connection Facilities: Replacement of existing 230 kV transmission circuit T28C with a 230 kV double circuit line carrying circuits C10A and T28C and a new [redacted] double circuit 230 kV tap line (tapping circuits C10A and T28C).

Connection Point: Seaton MTS #1 230 kV disconnect switches

Ready for Service Date: December 12, 2019.

HYDRO ONE CONNECTION WORK

Hydro One will provide 230 kV supply, via two transmission circuits, to the Customer's proposed transformer station, Seaton MTS #1, [redacted] in Pickering, Ontario. Hydro One's conceptual scope of work includes:

a) replacing the [redacted] section of the T28C line with a new double circuit 230kV line and extend the C10A circuit to a new junction situated on the T28C right of way, [redacted] and

b) constructing a [redacted] dual circuit 230 kV tap line (tapping circuits C10A and T28C) [redacted] Seaton MTS #1.

Note: [redacted] at Seaton MTS #1.

Hydro One will provide project management, engineering, equipment and material, construction and commissioning of the Hydro One Connection Work. The scope of the Hydro One Connection Work is based on the requirements from:

- the IESO's System Impact Assessment (SIA) Report dated May 17, 2016 (CAA ID #2015-546; and
- Hydro One's Customer Impact Assessment (CIA) Report dated February 3, 2017.

Hydro One or its agents:

(i) will supply and install all materials and equipment not specifically described herein that are required or may be necessary to complete the work for the purpose required;
(ii) shall repair any damage caused to lands, owned by Hydro One or third parties, associated with or related to the Hydro One Connection Work;
(iii) where Hydro One deems necessary, install appropriate solutions to address public safety concerns regarding the facilities being constructed by Hydro One, which may include, but is not limited to, safety enclosures and signage; and
(iv) scrap all materials and equipment removed by Hydro One, or its agents, at site unless specifically stated otherwise.

Part 1: Transformation Connection Pool Work

Not applicable.

Part 2: Line Connection Pool Work

Hydro One will:

a) replace the [redacted] section of the T28C line with a new double circuit 230kV line and extend the C10A circuit to a new junction situated on the T28C right of way, [redacted]

b) construct a [redacted] dual circuit 230 kV tap line (tapping circuits C10A and T28C) between the [redacted]

To accomplish the above, Hydro One will perform the following work:

Real Estate:
- obtain all temporary and permanent property rights associated with the use of access roads and construction and maintenance of new transmission towers.

Lines:
- construct two new towers, 918B and 918C, at [redacted] to tap both 230 kV transmission circuits C10A and T28C from the existing tower 918 A.
- replace five existing 230 kV towers (914 through 918), which currently support a single 230 kV circuit, to enable stringing of double 230 kV circuits.
- construct a new tower (914A) near the gantry of Seaton MTS #1, maintaining a minimum of 10 meter separation from existing high-pressure gas pipeline.
- extend 230kV transmission line circuit C10A by approximately [redacted] including stringing shield wire and conductors with necessary hardware.
- replace approximately [redacted] of shield wire and upgrade existing 795 kcmil ACSR conductors to 1433.7 kcmil ACSR conductor on circuit T28C.
- install two mid-span opener switches in the last span [redacted]

Protection:
- upgrade 'A' and 'B' relay line protection systems at Cherrywood TS to send and receive transfer trip signals to or from Seaton MTS #1 for transmission line circuits C10A and C28A.
- modify protections and Cherrywood and Clarington terminal stations to incorporate Seaton MTS #1.

Teleprotection:
- install and setup two new half shelf 'A' and 'B' Analog NSD570 teleprotection at Cherrywood TS, one half shelf in the North 230 kV relay building and one half shelf in the South 230 kV relay building, to convey Transfer Trip between Cherrywood TS and Seaton MTS #1 over S4T4 analog communication circuits (supplied by Customer).

NOTES:

The Estimate of the Engineering and Construction Cost of the Line Connection Pool Work and the Estimate of Line Connection Pool Work Capital Contribution do not include any amounts associated with Hydro One's acquisition of all required real estate rights/land agreements, and/or approvals for Hydro One related thereto (e.g. municipal consents for access and access or entry permits) for the Line Connection Pool Work. The actual cost of same includes, but is not limited to, the purchase (price), easements/lease/licence costs along with any associated costs such as the cost of performing appraisals, surveys, submitting applications, licence and

review fees, legal and land disbursement closing costs and the cost of any special studies that might arise in the calculation of compensation in respect of the land rights (i.e. aggregate) and will be reflected in the Actual Engineering and Construction Cost of the Line Connection Pool Work and the Actual Line Connection Pool Work Capital Contribution.

Part 3: Network Customer Allocated Work

Not applicable.

Part 4: Network Pool Work (Non-Recoverable from Customer)

Not applicable.

Part 5: Work Chargeable to Customer

Not applicable.

Part 6: Scope Change

For the purposes of this Part 6 of Schedule "A", the term "Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule "A" such as a result of any one or more of the following:

- any environmental assessment(s);
- requirement for Hydro One to obtain approval under Section 92 (leave to construct) of the Ontario Energy Board Act if the transmission line route selected by Hydro One is greater than 2 km in length;
- Hydro One having to expropriate property under the Ontario Energy Board Act;
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the Ontario Energy Board Act or any approval issued by the OEB to expropriate under the Ontario Energy Board Act; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

Any change in the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule "A" whether they are initiated by the Customer or are Non-Customer Initiated Scope Changes, may result in a change to the Project costs estimated in Schedule "B" of this Agreement and the Project schedule, including the Ready for Service Date.

All Customer initiated scope changes to this Project must be in writing to Hydro One.
Hydro One will advise the Customer of any cost and schedule impacts of any Customer initiated scope changes. Hydro One will advise the Customer of any Material cost and/or Material schedule impacts of any Non-Customer Initiated Scope Changes.

Hydro One will not implement any Customer initiated scope changes until written approval has been received from the Customer accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer initiated scope changes until the estimate of the Engineering and Construction Cost of all of the Non-Customer initiated scope changes made by Hydro One reaches 10% of the total sum of the estimates of the Engineering and Construction Cost of:

(i) the Transformation Connection Pool Work,

(ii) the Line Connection Pool Work;
(iii) Network Pool Work;
(iv) Network Customer Allocated Work; and
(v) The Work Chargeable to Customer.

At that point, no further Non-Customer initiated scope changes may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the Ready for Service Date as a consequence thereof.

CUSTOMER CONNECTION WORK

The Customer will:

Telecommunications:

- provide 'A' and 'B' full shelf NSD570s at Seaton MTS #1 for Transfer Trip.
- provide main and alternate S4T4 telecommunication circuits for relaying of teleprotection signals between NSD570s at the Customer's Seaton MTS #1 and NSD570s at Hydro One's Cherrywood TS.
- provide a communication link, either ICCP or hub site connection, for communication of SCADA quantities and alarms to Hydro One.

Metering:

- provide revenue metering and perform all associated work necessary work for setup.

EXISTING LOAD:

Existing Load Facility	Existing Load(MW)[1]	Normal Capacity (MW)[2]
Malvern TS M35	17.2	14.6
Sheppard TS M2 and M4	30.7	25.8
Whitby TS M43, M44, M45, M46, M47, M48	37.8	90

Notes:

1. Existing Load means the Customer's Assigned Capacity at the Existing Load Facility as of the date of this Agreement (Section 3.0.3 of the Transmission System Code).
2. Any station load above the Normal Capacity of the Existing Load Facility (Overload) will be determined in accordance with Section 6.7.9 of the Transmission System Code and Hydro One's Connection Procedures. If the Overload is transferred to the New or Modified Connection Facilities, the Overload will be credited to the Line Connection Revenue, Transformation Connection Revenue or Network Revenue requirement, whichever is applicable.

OTHER RELEVANT CONSIDERATIONS:

Not Applicable

EXCEPTIONAL CIRCUMSTANCES RE. NETWORK CONSTRUCTION OR MODIFICATIONS:
No

MISCELLANEOUS

Customer Connection Risk Classification: Low risk

True-Up Points:
(a) following the fifth and tenth anniversaries of the In Service Date; and
(b) following the fifteenth anniversary of the In Service Date if the Actual Load is 20% higher or lower than the Load Forecast at the end of the tenth anniversary of the In Service Date.

Customer's HST Registration Number [redacted]

Documentation Required (after In Service Date): As built drawing of the Customer's new transformer station (Seaton MTS #1) and official documentation confirming successful testing and commissioning of all protection systems affecting Hydro One.

Ownership: Hydro One will own all equipment provided by Hydro One as part of the Hydro One Connection Work.

Approval Date (if Section 92 required to be obtained by Hydro One): Not applicable.

Security Requirements: Not applicable

Security Date: Not applicable

Easement Date: Not applicable

Easement Lands: Not applicable
Easement Term: Not applicable

Approval Date (for OEB leave to construct): Not applicable.

Revenue Metering: IESO compliant revenue metering to be provided by the Customer.

Customer Notice Info:

Veridian Connections Inc.
55 Taunton Road East
Ajax, Ontario L1T 3V3

Attention: Craig Smith
Manager, Planning and Maintenance

Schedule "B": 230 kV Transmission Supply to Seaton MTS #1

TRANSFORMATION CONNECTION POOL WORK

Not applicable.

LINE CONNECTION POOL WORK

Estimate of the Engineering and Construction Cost of the Line Connection Pool Work: $7,448,000.00 plus HST in the amount of $968,240.00

Estimate of Line Connection Pool Work Capital Contribution: $0

Actual Engineering and Construction Cost of the Line Connection Pool Work: To be provided 180 days after the Ready for Service Date.

Actual Line Connection Pool Work Capital Contribution: To be provided 180 days after the Ready for Service Date.

NETWORK CUSTOMER ALLOCATED WORK

Not applicable.

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

Not applicable

WORK CHARGEABLE TO CUSTOMER

Not applicable.

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER:

Not applicable

TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

[Line Connection Revenue Requirements and Load Forecast at the New or Modified Connection Facilities Follows]

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) – LOAD

LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]	Adjusted Load Forecast (MW) [D]	Line Connection Revenue (k$) for True-Up, based on [C] or [D], whichever is applicable
1st Anniversary of In Service Date	39.3	0.0	0.0	0.0
2nd Anniversary of In Service Date	55.7	13.2	11.5	130.7
3rd Anniversary of In Service Date	68.4	25.8	22.5	254.7
4th Anniversary of In Service Date	74.4	31.9	27.7	314.4
5th Anniversary of In Service Date	79.8	37.2	32.4	367.2
6th Anniversary of In Service Date	84.7	42.2	36.7	416.1
7th Anniversary of In Service Date	89.6	47.1	41.0	464.6
8th Anniversary of In Service Date	94.5	51.9	45.2	512.4
9th Anniversary of In Service Date	99.8	57.3	49.8	565.5
10th Anniversary of In Service Date	105.0	62.5	54.4	616.5
11th Anniversary of In Service Date	110.3	67.7	58.9	668.0
12th Anniversary of In Service Date	115.3	72.8	63.3	718.0
13th Anniversary of In Service Date	121.0	78.5	68.3	774.4
14th Anniversary of In Service Date	126.8	84.2	73.3	831.4
15th Anniversary of In Service Date	130.5	87.9	76.5	867.5
16th Anniversary of In Service Date	133.9	91.4	79.5	901.7
17th Anniversary of In Service Date	137.4	94.8	82.5	936.0
18th Anniversary of In Service Date	140.9	98.3	85.6	970.2
19th Anniversary of In Service Date	144.3	101.8	88.6	1004.4
20th Anniversary of In Service Date	147.8	105.3	91.6	1038.7
21st Anniversary of In Service Date	151.3	108.7	94.6	1072.9
22nd Anniversary of In Service Date	154.0	111.5	97.0	1100.0
23rd Anniversary of In Service Date	154.2	111.7	97.2	1102.2
24th Anniversary of In Service Date	154.2	111.7	97.2	1102.2
25th Anniversary of In Service Date	154.2	111.7	97.2	1102.2

** New Load based on Customer's Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. "Overload" derived in accordance with Section 6.7.9 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

1. Each party represents and warrants to the other that:

(a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
(b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
(c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its charter or by-law instruments; (ii) any Material contracts or instruments to which it is bound; or (iii) any laws applicable to it;
(d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
(e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
(f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The HST registration number for Hydro One is [redacted] and the HST registration number for the Customer is as specified in Schedule "A" of the Agreement; and
(g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

(b) the Customer shall perform the Customer Connection Work, at its own expense;

(c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*;

(d) the Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities;

(e) the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;

(f) Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(g) unless otherwise provided herein, Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified

Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;

(h) Hydro One is not permitted to Connect any new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;

(i) Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the *Transmission System Code*, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in addition to the Hydro One Connection Work described in Schedule "A", Hydro One shall: provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the *Transmission System Code*, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in its entirety by reference into, and forms an integral part of the Agreement. All references to "this Agreement" in Section 27.13 shall be deemed to be a reference to the Agreement;

(l) the Customer shall enter into a Connection Agreement with Hydro One or amend its existing Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(m) Hydro One shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Hydro One Connection Work are filed in a timely manner; and

(n) the Customer shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Customer Connection Work or for the construction, Connection and operation of the Customer's Facilities are filed in a timely manner.

4. The following aspects of the Hydro One Connection Work and Hydro One's rights and requirements hereunder are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system, Hydro One's:

(a) specifications of the protection equipment on the Customer's side of the Connection Point;
(b) acceptance of power system components on the Customer's side of the Connection Point;
(c) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
(d) participation in the commissioning, inspection or testing of the Customer's Facilities.

The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

(a) the Customer is in compliance with its obligations under the Agreement;
(b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;

(c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for any portion of the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion of the Hydro One Connection Work;
(d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work or the Network Pool Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the *Transmission System Code*) or a Force Majeure Event;
(e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
(f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998,* such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;
(g) where applicable, Hydro One received the easement described in Section 24 hereof by the Easement Date specified in Schedule "A" of the Agreement;
(h) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Hydro One Connection Work:
    (i) environmental approvals, permits or certificates;
    (ii) land use permits from the Crown; and
    (iii) building permits and site plan approvals;
(i) Hydro One is able, using reasonable efforts, to obtain all necessary land rights on terms substantially similar to the form of the easement that is attached hereto as Appendix "B" of these Standard Terms and Conditions for the Project, prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date;
(j) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work provided that such delays are beyond the reasonable control Hydro One; and
(k) the Customer executed the Agreement on or before the date specified as the Execution Date.

The Customer acknowledges and agrees that the Ready for Service Date may be materially affected by difficulties with obtaining or the inability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

6. Upon completion of the Hydro One Connection Work:

(a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and
(b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

(i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and
(ii) any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with regard to Hydro One's requirements to permit Connection of the New or

Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of supply, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with copies of the documentation specified in Schedule "A" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool Work and/or Line Connection Revenue for the Line Connection Pool Work and/or Network Revenue for the Network Customer Allocated Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Network Customer Allocated Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work is provided in Schedule "B" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work is specified in Schedule "B" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "B" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a new Schedule "B" to replace Schedule "B" of the Agreement attached hereto which shall identify the following:

(a) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
(b) the actual Engineering and Construction Cost of the Line Connection Pool Work;
(c) the actual Engineering and Construction Cost of the Network Customer Allocated Work;
(d) the actual Engineering and Construction Cost of the Work Chargeable to Customer;
(e) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work; and
(f) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements and/or Network Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "B" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contributions paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the

Line Connection Pool Work and the Network Customer Allocated Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "B". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contributions required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "B".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

(a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs;
(b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer; or
(c) the construction of or modifications to Hydro One's Network Facilities that may be required to accommodate the New or Modified Connection other than Network Customer Allocated Work unless Hydro One has indicated in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution.

10.3 Notwithstanding Sub-section 10.2(c) above, if Hydro One indicates in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution towards the Network Pool Work, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently perform the Network Pool Work pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 20 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun to perform the Network Pool Work, the Customer may request, in writing, that Hydro One not perform the Network Pool Work and Hydro One shall promptly return to the Customer any outstanding security deposit related to the Network Pool Work.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof for the construction or modification of a Hydro One-owned Connection Facility other than an enabler facility and where this Capital Contribution includes the cost of capacity on the Connection Facility in excess of the Customer's needs as indicated in Schedule "B" of the Agreement, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.3.17A of the *Transmission System Code* if that capacity is assigned to another Load Customer within fifteen (15) years of the In Service Date of the Connection Facility.

11. Hydro One shall perform a True-Up, based on Actual Load:

(a) at the True-Up Points specified in Schedule "A" of the Agreement; and
(b) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

Hydro One shall perform True-Ups in a timely manner. Within 30 calendar days following completion of each of the True-Ups referred to in 11(a), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

(i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefor; and

(ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with the OEB-Approved Connection Procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code.*

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code)* during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the Transmission System Code when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14. Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code.*

Part C: Work Chargeable to Customer, Network Pool Work and Premium Costs

15.1 The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described asWork Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amounts specified in Schedule "B" of the Agreement in the manner specified in Schedule "B" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

(a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or
(b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Sections 10.3 and 18 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Part 3 of Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

Part D: Right of Customer to By-Pass Existing Load Facilities

17.1 **Obligation to Notify Hydro One of Customer's Intent to Bypass an Existing Load Facility:** If the Customer chooses to exercise its rights under the *Transmission System Code* and the Agreement to bypass the Existing Load Facility, the Customer shall notify Hydro One, in writing, in accordance with the requirements of Schedule J of the Connection Agreement prior to transferring load from the Existing Load Facility. Upon receiving the notice, Hydro One will proceed in accordance with Section 6.7 of the Transmission System Code and the applicable terms of the Connection Agreement.

17.2 **Hydro One has not received a Notice of Customer Intent to Bypass an Existing Load Facility and Customer has Transferred Existing Load:** Where Hydro One determines that the Customer has transferred load from the Existing Load Facility without notifying Hydro One in accordance with the requirements of Schedule J of the Connection Agreement, Hydro One will notify the Customer, all other load customers served by the connection facility and the OEB of a potential by-pass situation in accordance with the OEB-Approved Connection Procedures and its obligations in Section 6.7 of the Code and the applicable terms of the Connection Agreement. If the Customer does not intend to by-pass the Existing Load Facility, the Customer must, in accordance with the OEB-Approved Connection Procedures:

(a) notify Hydro One and the OEB within 30 days of receiving Hydro One's notification of potential by-pass, that it has no intention of by-passing Hydro One's Existing Load Facility;
(b) transfer the load back to the Existing Load Facility within an agreed time period; and
(c) compensate Hydro One for the lost revenues.

17.3 The Customer agrees that Sections 17.1 and 17.2 above shall also be terms of the Connection Agreement.

Part E: Cancellation or Termination of Project and Early Termination of Agreement for Breach

18. Notwithstanding any other term of the Agreement, if at any time prior to the In-Service Date, the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Line Connection Pool Work, the Transformation Connection Pool Work, the Network Pool Work, the Network Customer Allocated Work and the Work Chargeable to Customer incurred on and prior to the date that the Project is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs.

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

(a) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation; or

(b) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or

(c) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

The Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) which become payable under this Section 18 within 30 calendar days after the date of invoice.

Part F: Sale, Lease, Transfer or Other Disposition of Cnstomer's Facilities

19. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part G: Security Requirements

20. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash, letter of credit or surety bond, the Customer shall furnish such security in the amount and by the dates specified in Schedule "A" of the Agreement. Hydro One shall return the security deposit to the Customer as follows:

(a) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and

(b) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where and to the extent that the Customer fails to pay any amount due under the Agreement within the time stipulated for payment; or (b) in the circumstances described in the OEB-Approved Connection Procedures.

Part H: Disputes

21. All disputes, including, but not limited to, disputes related to:

(a) the cost and the allocation of the costs under this Agreement;
(b) the cost and the allocation of costs of the Hydro One Connection Work and notwithstanding Hydro One's decision not to allocate or to allocate any part of the costs of this work to the Customer at this time; or
(c) any other costs and the allocation of any other costs associated with, related to, or arising out of the connection of the Project to Hydro One's transmission system or Hydro One's policies in respect of connections generally,

shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

22. If a dispute arises while Hydro One is constructing the New or Modified Connection Facilities, Hydro One shall not cease the work or slow the pace of the work without leave of the OEB.

23. Hydro One shall refund to the Customer or the Customer shall pay to Hydro One any portion of Capital Contributions, as the case may be, which the OEB subsequently determines should not have been allocated to the Customer or should have been allocated to the Customer by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in this Agreement. This obligation shall survive the termination of this Agreement.

Part I: Easement

24. If specified in Schedule "A" that an easement(s) is required from the Customer, the Customer shall grant an easement to Hydro One substantially in the form of the easement attached hereto as Appendix "B" of these Standard Terms and Conditions for the property(ies) described as the Easement Lands in Schedule "A" on or before the date specified as the Easement Date in Schedule "A" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of $2.00.

Part J: Events of Default

25. Each of the following events shall constitute an "Event of Default" under the Agreement:

(a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 18 within the time stipulated for payment;
(b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or
(c) the making of an order or resolution for the winding up of the Customer or Hydro One or of their respective operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer or Hydro One.

For greater certainty, a dispute shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply, within a reasonable period of time, with the terms of a determination of such a dispute by the OEB or with a decision of a court of competent jurisdiction with respect to a determination made by the OEB shall be considered an Event of Default under the Agreement.

26. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in Section 25(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the following:

(a) the sum of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1 and where applicable, Section 16 less any amounts already paid by the Customer in accordance with Section 10.1, 12, 15.1 and 16

if this clause is invoked after the In-Service Date; or

(b) the amounts payable under Section 16 and 18 less any amounts already paid by the Customer in accordance with Sections 10.1, 15.1 and 16 if this clause is invoked prior to the In-Service Date.

27. Upon the occurrence of an Event of Default by Hydro One hereunder (other than those specified in Section 25(c), the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

28. All rights and remedies of Hydro One and the Customer provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and the Customer respectively at law or in equity, and any one or more of Hydro One's and the Customer's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or the Customer may have or may not have exercised. The parties further agree that where any of the remedies provided for and elected by the non-defaulting party are found to be unenforceable, the non-defaulting party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part K:Changes to Transmission Rates

29. In the event that the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate is rescinded or the methodology of determination or components is materially changed, the Parties agree to negotiate a new mechanism for the purposes of the Agreement, provided that such new mechanism will not result in an increase in the amounts of Capital Contribution or Security Deposits payable by the Customer to Hydro One hereunder. The Parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate to agree to a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate. If the Parties are unable to successfully negotiate a replacement within that 90 calendar day period, this shall be considered a dispute under the terms of this Agreement and the parties shall follow the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

Any settlement on a new mechanism pursuant to this Section 29 shall apply retroactively from the date on which the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate was rescinded or fundamentally changed. Until such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate in effect prior to the effective date of any such changes.

Part L: Incorporation of Liability and Force Majeure Provisions

30. PART III: LIABILITY AND FORCE MAJEURE (with the exception of Section 15.5 thereof) and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into, and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO "this Agreement" shall be deemed to be a reference to the Agreement and all references to the "the Transmitter" shall be deemed to be a reference to Hydro One.

For the purposes of this Section 30, the Parties agree that the reference to:

(a) the Transmitter in lines 3 and 4 of Section 15.1 means the Transmitter or any party acting on behalf of the Transmitter such as contractors, subcontractors, suppliers, employees and agents; and

(b) the Customer in lines 3 and 4 of Section 15.2 means the Customer or any party acting on behalf of the Customer such as contractors, subcontractors, suppliers, employees and agents.

Part M: General

31. This Agreement is subject to the *Transmission System Code* and the OEB-Approved Connection Procedures. If any provision of this Agreement is inconsistent with the:

(a) *Transmission System Code,* the said provision shall be deemed to be amended so as to comply with the *Transmission System Code;*
(b) OEB-Approved Connection Procedures the said provision shall be deemed to be amended so as to comply with the OEB-Approved Connection Procedures; and
(c) Connection Agreement made between the parties, associated with the new customer connection facilities, on the same subject matter, the Connection Agreement governs.

32. The failure of either party hereto to enforce at any time any of the provisions of the Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of the Agreement or any part hereof or the right of either party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of the Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under the Agreement.

33. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

34. Any written notice required by the Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks at 483 Bay Street, 8th Floor, South Tower, Toronto, ON M5G 2P5, fax no: (416) 345-6972 on behalf of Hydro One, and to the person at the address specified in Schedule "A" of the Agreement on behalf of the Customer. A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. on a business day or on the next business day if received after 3 p.m. or a day that is not a business day. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

35. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein.

36. The Agreement may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

37. The Customer shall provide Hydro One with a copy of the Customer's final monthly bills associated with the transmission of electricity from the Existing Load Facilities and/or the Customer's Facilities or authorize the IESO to provide Hydro One with same. Hydro One agrees to use this information solely for the purpose of the Agreement.

38. **Invoices and Interest:** Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

39. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16, 18 or 23 shall survive the termination of the Agreement.

Appendix "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Load" means the actual load delivered by Hydro One to the Customer up to the True-Up Point in excess of the Normal Capacity of the Existing Load Facilities.

"Assigned Capacity" is calculated in accordance with Section 6.2.2 of the *Transmission System* Code.

"Adjusted Load Forecast" means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work and/or the Pool Funded Cost of the Network Customer Allocated Work.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" and "B" attached thereto and these Standard Terms and Conditions.

"Applicable Laws" means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or governmental department, commission board, court authority or agency.

"Approval Date" means for the purpose of Subsection 5(f) of the Terms and Conditions, the date specified in Schedule "A" of the Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Connect and Connection" has the same meaning ascribed to the term "Connect" in the *Transmission System Code.*

"Connection Agreement" means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

"Connection Facilities" has the meaning set forth in the *Transmission System Code.*

"Connection Point" has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule "A" of the Agreement.

"Customer Connection Work" means the work to be performed by the Customer, at its sole expense, which is described in Schedule "A" of the Agreement.

"Customer Connection Risk Classification" is as specified in Schedule "A" of the Agreement.

"Customer's Facilities" has the meaning set forth in the *Transmission System Code*, and includes, but is not limited to any new, modified or replaced Customer's Facilities.

"Customer's Property(ies)" means any lands owned by the Customer in fee simple or where the Customer has easement rights.

"Distributor" has the meaning set forth in the *Transmission System Code.*

"Ecouomic Evaluation Period" means the period of five (5) years for high risk connection, ten (10) years for a medium-high risk connection, fifteen (15) years for a medium-low risk connection and twenty-five years for a low risk connection commencing on the In Service Date whichever is applicable to the Customer as specified in Schedule "A" of the Agreement.

"Engineering and Construction Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads as well as interest during construction using Hydro One's capitalization rate in effect during the construction period.

"*Electricity Act,* 1998" means the *Electricity Act, 1998* being Schedule "A" of the *Energy Competition Act,* S.O. *1998*, c.15, as amended.

"Existing Load" in relation to the Customer and each of the Existing Load Facilities is equal to the Customer's Assigned Capacity at each of the Existing Load Facilities on the date of this Agreement.

"Existing Load Facility or Existing Load Facilities" means the connection facility(ies) owned by Hydro One as specified in the Existing Load Table in Schedule "A" of the Agreement where the Customer has Existing Load.

"Force Majeure Event" has the meaning ascribed thereto in the Connection Agreement.

"**HST**" means the Harmonized Sales Tax.

"Hydro One Connection Work" means the work to be performed by Hydro One, which is described in Schedule "A" of the Agreement.

"Hydro One Facilities" means Hydro One's structures, lines, transformers, breakers, disconnect switches, buses, voltage/current transformers, protection systems, telecommunication systems, cables and any other auxiliary equipment used for the purpose of transmitting electricity.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator continued under the *Electricity Act, 1998.*

"In Service Date" has the same meaning ascribed to the term "comes into service" in the *Transmission System Code.*

"Incremental Network Load" means the Customer's New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

"Interest" means the interest rates specified by the OEB to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code.*

"Line Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Line Connection Pool Work".

"Line Connection Revenue" means the amount of line connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

"Line Connection Service Rate" means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Load Customer" has the meaning set forth in the *Transmission System Code.*

"Load Forecast" means the initial load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities used in the initial economic evaluation for the Economic Evaluation Period.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle preventing the performance or exercise of a right.

"Network Customer Allocated Work" means the construction of or modifications to Network Facilities specified in Schedule "A" of the Agreement under the heading "Network Customer Allocated Work" that are minimum connection requirements.

"Network Facilities" has the meaning set forth in the *Transmission System Code.*

"Network Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Network Pool Work".

"Network Revenue" means the amount of network revenue attributable to the Incremental Network Load to be received by Hydro One through the monthly collection of the Network Service Rate during the Economic Evaluation Period.

"Network Service Rate" " means the network service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"New Load" means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

"New or Modified Connection Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement.

"Normal Capacity" means, where the Customer is:

(a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures; and

(b) one of two or more Load Customers served by an Existing Load Facility, the Customer's pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures.

"OEB" means the Ontario Energy Board.

"OEB-Approved Connection Procedures" means Hydro One's connection procedures as approved by the OEB from time to time.

"Ontario Energy Board Act" means the *Ontario Energy Board Act* being Schedule "B" of the *Energy Competition Act*, S.O. *1998*, c. 15, as amended.

"Pool-Funded Cost" means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work, the Line Connection Pool Work and/or the Network Customer Allocated Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Rate Order" has the meaning ascribed thereto in the *Transmission System Code.*

"Ready for Service Date" means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Standard Terms and Conditions" means these Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects and Appendices "A" and "B" attached hereto.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"Transformation Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Transformation Connection Pool Work".

"Transformation Connection Revenue" means the amount of transformation connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

"Transformation Connection Service Rate" means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Transmission System Code" or "Code" means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

"Transmitter's Facilities" has the meaning ascribed thereto in the *Transmission System Code.*

"True-Up" means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the *Transmission System Code.*

"True-Up Point" means the points of time based upon the Customer Connection Risk Classification when Hydro One is required to perform a True-Up as described in Section 11 of these Terms and Conditions.

"Updated Load Forecast" means the load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities for the remainder of the Economic Evaluation Period.

"Work Chargeable to Customer" means the Hydro One Connection Work specified in Part 4 of Schedule "A" of the Agreement under the heading "Work Chargeable to Customer".

Appendix "B": Form of Easement

INTEREST / ESTATE TRANSFERRED

The Transferor is the owner in fee simple and in possession of _____
_____
_____ (the **"Lands"**).

The Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

1 The Transferor hereby grants and conveys to Hydro One Networks Inc, its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed and exclusive rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the **"Rights"**) in, through, under, over, across, along and upon that portion of the Lands of the Transferor described herein and shown highlighted on Schedule "A" hereto annexed (the **"Strip"**) for the following purposes:

(a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Strip an electrical transmission system and telecommunications system consisting in both instances of a pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the **"Works"**) as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.

(b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees (subject to compensation to Owners for merchantable wood values), branches, bush and shrubs and other obstructions and materials in, over or upon the Strip, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

(c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Strip as the Transferee in its discretion considers requisite.

(d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Strip as the Transferee may from time to time consider necessary.

(e) Except for fences and permitted paragraph 2(a) installations, to clear the Strip and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the **"obstruction"**) whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger its Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any persons or property or which do or may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

(e) To enter on and exit by the Transferor's access routes and to pass and repass at all times in, over, along, upon and across the Strip and so much of the Lands as is reasonably required, for

Transferee, its respective officers, employees, agents, servants, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement and

(f) To remove, relocate and reconstruct the line on or under the Strip.

2. The Transferor agrees that:

(a) It will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the **"Installation"**) or any portion thereof; provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorised interference aforesaid or contravention of this paragraph, or if any authorised interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.

(b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at anytime and from time to time be removable in whole or in part by Transferee.

(c) no other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.

(d) the Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.

(e) the Rights hereby granted:

(i) shall be of the same force and effect to all intents and purposes as a covenant running with the Strip.

(ii) is declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph 1(a).

3. The Transferee covenants and agrees to obtain at its sole cost and expense all necessary postponements and subordinations (in registrable form) from all current and future prior encumbrancers, postponing their respective rights, title and interests to the Transfer of Easement herein so as to place such Rights and easement in first priority on title to the Lands.

4. There are no representations, covenants, agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied, collateral or otherwise except those set forth herein.

5. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Transferor has hereunto set his hand and seal to this Agreement, this ___ day of _____, 200__.

SIGNED, SEALED AND DELIVERED
In the presence of)
)
_____(seal)
Signature of Witness)

_____)
Transferor's Signature

)
)
)
_____)
_____(seal)
Signature of Witness

Transferor's Signature

SIGNED, SEALED AND DELIVERED)
In the presence of)
)
)
)
_____)
Signature of Witness

Consent Signature & Release of
Transferor's Spouse, if non-owner.

_____(seal)

CHARGEES

THE CHARGEE of land described in a Charge/Mortgage of Land dated _____

Between _____ and _____

and registered as Instrument Number _____ on _____ does

hereby consent to this Easement and releases and discharges the rights and easement herein from the said Charge/Mortgage of Land.

Name	Signature(s)	Date of Signatures Y M D
	Per:	
	_____	
	_____	
	I/We have authority to bind the Corporation	

Revised Schedule "B": 230 kV Transmission Supply to Seaton MTS #1

In-Service Date: June 22, 2023

TRANSFORMATION CONNECTION POOL WORK

Not applicable.

LINE CONNECTION POOL WORK

Estimate of the Engineering and Construction Cost of the Line Connection Pool Work: $6,600,000.00

Estimate of Line Connection Pool Work Capital Contribution: $0.00 plus HST in the amount of $0.00

Actual Engineering and Construction Cost of the Line Connection Pool Work: $10,003,400

Actual Line Connection Pool Work Capital Contribution: $3,244,400.00 plus HST in the amount of $421,800.00

NETWORK CUSTOMER ALLOCATED WORK

Not applicable.

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

Not applicable

WORK CHARGEABLE TO CUSTOMER

Not applicable.

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER:

Not applicable

TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) – LOAD

LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]	Adjusted Load Forecast (MW) [D]	Line Connection Revenue (k$) for True-Up, based on [C] or [D], whichever is applicable
1st Anniversary of In Service Date	1.6	0.0	N/A	0.0
2nd Anniversary of In Service Date	5.5	0.0		0.0
3rd Anniversary of In Service Date	10.7	0.0		0.0
4th Anniversary of In Service Date	17.0	0.0		0.0
5th Anniversary of In Service Date	25.3	3.6		41.2
6th Anniversary of In Service Date	34.4	12.3		139.0
7th Anniversary of In Service Date	43.1	22.3		252.7
8th Anniversary of In Service Date	51.7	32.3		365.7
9th Anniversary of In Service Date	60.4	42.2		478.4
10th Anniversary of In Service Date	69.1	52.3		593.6
11th Anniversary of In Service Date	78.2	64.0		726.1
12th Anniversary of In Service Date	87.7	77.1		874.3
13th Anniversary of In Service Date	97.2	90.2		1,022.3
14th Anniversary of In Service Date	106.7	103.1		1,169.6
15th Anniversary of In Service Date	116.1	115.2		1,306.9
16th Anniversary of In Service Date	120.9	120.9		1,370.7
17th Anniversary of In Service Date	120.9	120.9		1,370.7
18th Anniversary of In Service Date	120.9	120.9		1,370.7
19th Anniversary of In Service Date	120.9	120.9		1,370.7
20th Anniversary of In Service Date	120.9	120.9		1,370.7
21st Anniversary of In Service Date	120.9	120.9		1,370.7
22nd Anniversary of In Service Date	120.9	120.9		1,370.7
23rd Anniversary of In Service Date	120.9	120.9		1,370.7
24th Anniversary of In Service Date	120.9	120.9		1,370.7
25th Anniversary of In Service Date	120.9	120.9		1,370.7

** New Load based on Customer's Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. "Overload" derived in accordance with Section 6.7.9 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) - LOAD

between

Veridian Connections Inc.

and

Hydro One Networks Inc.

for

230 kV Transmission Supply to Seaton MTS #1

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) – LOAD

Veridian Connections Inc. (the "**Customer**") has requested and Hydro One Networks Inc. ("**Hydro One**") has agreed to provide 230 kV supply via two 230 kV circuits to the Customer-owned Seaton MTS #1 (the "**Project**") on the terms and conditions set forth in this Agreement dated 28th day of September, 2018 (the "**Agreement**") and the attached Standard Terms and Conditions for Load Customer Transmission Customer Connection Projects V5 6-2014 (the "**Standard Terms and Conditions**" or "**T&C**"). Schedules "A", "B", "C", "D", "E" and "F" attached hereto and the Standard Terms and Conditions are to be read with and form part of this Agreement.

Project Summary

The Customer is proposing to connect a new Customer-owned transformer station known as Seaton MTS #1, which will consist of two 230-28 kV, 75/125 MVA transformers (the "**Proposed Seaton MTS #1**") to Hydro One's transmission system at [redacted] To supply the transformer station at this site, Hydro One is proposing to replace the [redacted] of the T28C line with a new double circuit 230kV line, extend the C10A circuit to [redacted] and build a short [redacted] double circuit tap from [redacted] to the station site.

Hydro One and the Customer are parties to an Environmental Assessment Study Agreement dated February 17, 2016 whereby Hydro One and the Customer are jointly conducting and co-authoring the Environmental Study Report required for the Environmental Assessment for the extension of the Hydro One's existing 230 kV C10A and T28C circuits (the "**Co-Proponency Agreement**").

Term: The term of this Agreement commences on the date first written above and terminates on the 25th anniversary of the In Service Date.

Special Circumstances

In addition to the circumstances described in Section 5 of the Standard Terms and Conditions, the Ready for Service Date is subject to:

(a) the Customer executing and delivering this Agreement to Hydro One by no later than October 5th, 2018 (the "**Execution Date**"); and

(b) all environmental approvals applicable to the Project being obtained by no later than December 5th, 2019; and

(c) Hydro One being able to secure all temporary and permanent property rights associated with the use of access roads and construction and maintenance of new transmission towers prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date.

Subject to Section 31, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper authorized signatories, as of the day and year first written above.

VERIDIAN CONNECTIONS INC.

Michael Angemeer, P.Eng
President and CEO
I have the authority to bind the Corporation

HYDRO ONE NETWORKS INC.

Spencer Gill
Director, Large Customer Account Management
Execution Date: October 12, 2018
I have the authority to bind the Corporation

Schedule "A" 230 kV Transmission Supply to Seaton MTS #1

PROJECT SCOPE

New or Modified Connection Facilities: Replacement of existing 230 kV transmission circuit T28C with a 230 kV double circuit line carrying circuits C10A and T28C and a new [redacted] double circuit 230 kV tap line (tapping circuits C10A and T28C).

Connection Point: Seaton MTS #1 230 kV disconnect switches

Ready for Service Date: December 12, 2019.

HYDRO ONE CONNECTION WORK

Hydro One will provide 230 kV supply, via two transmission circuits, to the Customer's proposed transformer station, Seaton MTS #1, located at [redacted] Hydro One's conceptual scope of work includes:

a) replacing the [redacted] of the T28C line with a new double circuit 230kV line and extend the C10A circuit to a new junction situated on the T28C right of way, [redacted] and

b) constructing a [redacted] dual circuit 230 kV tap line (tapping circuits C10A and T28C) between the new Seaton JCT and the Customer's proposed transformer station, Seaton MTS #1.

Note: The demarcation point will be the [redacted] at Seaton MTS #1.
Hydro One will provide project management, engineering, equipment and material, construction and commissioning of the Hydro One Connection Work. The scope of the Hydro One Connection Work is based on the requirements from:

- the IESO's System Impact Assessment (SIA) Report dated May 17, 2016 (CAA ID #2015-546; and
- Hydro One's Customer Impact Assessment (CIA) Report dated February 3, 2017.

Hydro One or its agents:

(i) will supply and install all materials and equipment not specifically described herein that are required or may be necessary to complete the work for the purpose required;
(ii) shall repair any damage caused to lands, owned by Hydro One or third parties, associated with or related to the Hydro One Connection Work;
(iii) where Hydro One deems necessary, install appropriate solutions to address public safety concerns regarding the facilities being constructed by Hydro One, which may include, but is not limited to, safety enclosures and signage; and
(iv) scrap all materials and equipment removed by Hydro One, or its agents, at site unless specifically stated otherwise.

Part 1: Transformation Connection Pool Work

Not applicable.

Part 2: Line Connection Pool Work

Hydro One will:

a) replace the [redacted] of the T28C line with a new double circuit 230kV line and extend the C10A circuit to a new junction situated on the T28C right of way, [redacted]

b) construct a [redacted] dual circuit 230 kV tap line (tapping circuits C10A and T28C) between the [redacted]

To accomplish the above, Hydro One will perform the following work:

Real Estate:

- obtain all temporary and permanent property rights associated with the use of access roads and construction and maintenance of new transmission towers.

Lines:

- construct two new towers, 918B and 918C, at Duffin JCT to tap both 230 kV transmission circuits C10A and T28C from the existing tower 918 A.
- replace five existing 230 kV towers (914 through 918), which currently support a single 230 kV circuit, to enable stringing of double 230 kV circuits.
- construct a new tower (914A) near the gantry of Seaton MTS #1, maintaining a minimum of 10 meter separation from existing high-pressure gas pipeline.
- extend 230kV transmission line circuit C10A by approximately [redacted] including stringing shield wire and conductors with necessary hardware.
- replace approximately [redacted] of shield wire and upgrade existing 795 kcmil ACSR conductors to 1433.7 kcmil ACSR conductor on circuit T28C.
- install two mid-span opener switches in the last span [redacted] and the [redacted]

Protection:

- upgrade 'A' and 'B' relay line protection systems at Cherrywood TS to send and receive transfer trip signals to or from Seaton MTS #1 for transmission line circuits C10A and C28A.
- modify protections and Cherrywood and Clarington terminal stations to incorporate Seaton MTS #1.

Teleprotection:

- install and setup two new half shelf 'A' and 'B' Analog NSD570 teleprotection at Cherrywood TS, one half shelf in the North 230 kV relay building and one half shelf in the South 230 kV relay building, to convey Transfer Trip between Cherrywood TS and Seaton MTS #1 over S4T4 analog communication circuits (supplied by Customer).

NOTES:

The Estimate of the Engineering and Construction Cost of the Line Connection Pool Work and the Estimate of Line Connection Pool Work Capital Contribution do not include any amounts associated with Hydro One's acquisition of all required real estate rights/land agreements, and/or approvals for Hydro One related thereto (e.g. municipal consents for access and access or entry permits) for the Line Connection Pool Work. The actual cost of same includes, but is not limited to, the purchase (price), easements/lease/licence costs along with any associated costs such as the cost of performing appraisals, surveys, submitting applications, licence and

review fees, legal and land disbursement closing costs and the cost of any special studies that might arise in the calculation of compensation in respect of the land rights (i.e. aggregate) and will be reflected in the Actual Engineering and Construction Cost of the Line Connection Pool Work and the Actual Line Connection Pool Work Capital Contribution.

Part 3: Network Customer Allocated Work

Not applicable.

Part 4: Network Pool Work (Non-Recoverable from Customer)

Not applicable.

Part 5: Work Chargeable to Customer

Not applicable.

Part 6: Scope Change

For the purposes of this Part 6 of Schedule "A", the term "Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule "A" such as a result of any one or more of the following:

- any environmental assessment(s);
- requirement for Hydro One to obtain approval under Section 92 (leave to construct) of the Ontario Energy Board Act if the transmission line route selected by Hydro One is greater than 2 km in length;
- Hydro One having to expropriate property under the Ontario Energy Board Act;
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the Ontario Energy Board Act or any approval issued by the OEB to expropriate under the Ontario Energy Board Act; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

Any change in the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule "A" whether they are initiated by the Customer or are Non-Customer Initiated Scope Changes, may result in a change to the Project costs estimated in Schedule "B" of this Agreement and the Project schedule, including the Ready for Service Date.

All Customer initiated scope changes to this Project must be in writing to Hydro One.
Hydro One will advise the Customer of any cost and schedule impacts of any Customer initiated scope changes. Hydro One will advise the Customer of any Material cost and/or Material schedule impacts of any Non-Customer Initiated Scope Changes.

Hydro One will not implement any Customer initiated scope changes until written approval has been received from the Customer accepting the new pricing and schedule impact.

Hydro One will implement all Non-Customer initiated scope changes until the estimate of the Engineering and Construction Cost of all of the Non-Customer initiated scope changes made by Hydro One reaches 10% of the total sum of the estimates of the Engineering and Construction Cost of:

(i) the Transformation Connection Pool Work,

(ii) the Line Connection Pool Work;
(iii) Network Pool Work;
(iv) Network Customer Allocated Work; and
(v) The Work Chargeable to Customer.

At that point, no further Non-Customer initiated scope changes may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the Ready for Service Date as a consequence thereof.

CUSTOMER CONNECTION WORK

The Customer will:

Telecommunications:

- provide 'A' and 'B' full shelf NSD570s at Seaton MTS #1 for Transfer Trip.
- provide main and alternate S4T4 telecommunication circuits for relaying of teleprotection signals between NSD570s at the Customer's Seaton MTS #1 and NSD570s at Hydro One's Cherrywood TS.
- provide a communication link, either ICCP or hub site connection, for communication of SCADA quantities and alarms to Hydro One.

Metering:

- provide revenue metering and perform all associated work necessary work for setup.

EXISTING LOAD:

Existing Load Facility	Existing Load(MW)[1]	Normal Capacity (MW)[2]
Malvern TS M35	17.2	14.6
Sheppard TS M2 and M4	30.7	25.8
Whitby TS M43, M44, M45, M46, M47, M48	37.8	90

Notes:

1. Existing Load means the Customer's Assigned Capacity at the Existing Load Facility as of the date of this Agreement (Section 3.0.3 of the Transmission System Code).
2. Any station load above the Normal Capacity of the Existing Load Facility (Overload) will be determined in accordance with Section 6.7.9 of the Transmission System Code and Hydro One's Connection Procedures. If the Overload is transferred to the New or Modified Connection Facilities, the Overload will be credited to the Line Connection Revenue, Transformation Connection Revenue or Network Revenue requirement, whichever is applicable.

OTHER RELEVANT CONSIDERATIONS:

Not Applicable

EXCEPTIONAL CIRCUMSTANCES RE. NETWORK CONSTRUCTION OR MODIFICATIONS:
No

MISCELLANEOUS

Customer Connection Risk Classification: Low risk

True-Up Points:
(a) following the fifth and tenth anniversaries of the In Service Date; and
(b) following the fifteenth anniversary of the In Service Date if the Actual Load is 20% higher or lower than the Load Forecast at the end of the tenth anniversary of the In Service Date.

Customer's HST Registration Number: [redacted]

Documentation Required (after In Service Date): As built drawing of the Customer's new transformer station (Seaton MTS #1) and official documentation confirming successful testing and commissioning of all protection systems affecting Hydro One.

Ownership: Hydro One will own all equipment provided by Hydro One as part of the Hydro One Connection Work.

Approval Date (if Section 92 required to be obtained by Hydro One): Not applicable.

Security Requirements: Not applicable

Security Date: Not applicable

Easement Date: Not applicable

Easement Lands: Not applicable
Easement Term: Not applicable

Approval Date (for OEB leave to construct): Not applicable.

Revenue Metering: IESO compliant revenue metering to be provided by the Customer.

Customer Notice Info:

Veridian Connections Inc.
55 Taunton Road East
Ajax, Ontario L1T 3V3

Attention: Craig Smith
Manager, Planning and Maintenance

Schedule "B": 230 kV Transmission Supply to Seaton MTS #1

TRANSFORMATION CONNECTION POOL WORK

Not applicable.

LINE CONNECTION POOL WORK

Estimate of the Engineering and Construction Cost of the Line Connection Pool Work: $7,448,000.00 plus HST in the amount of $968,240.00

Estimate of Line Connection Pool Work Capital Contribution: $0

Actual Engineering and Construction Cost of the Line Connection Pool Work: To be provided 180 days after the Ready for Service Date.

Actual Line Connection Pool Work Capital Contribution: To be provided 180 days after the Ready for Service Date.

NETWORK CUSTOMER ALLOCATED WORK

Not applicable.

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):

Not applicable

WORK CHARGEABLE TO CUSTOMER

Not applicable.

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER:

Not applicable

TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Not applicable.

[Line Connection Revenue Requirements and Load Forecast at the New or Modified Connection Facilities Follows]

CONNECTION AND COST RECOVERY AGREEMENT (CCRA) – LOAD

LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]	Adjusted Load Forecast (MW) [D]	Line Connection Revenue (k$) for True-Up, based on [C] or [D], whichever is applicable
1st Anniversary of In Service Date	39.3	0.0	0.0	0.0
2nd Anniversary of In Service Date	55.7	13.2	11.5	130.7
3rd Anniversary of In Service Date	68.4	25.8	22.5	254.7
4th Anniversary of In Service Date	74.4	31.9	27.7	314.4
5th Anniversary of In Service Date	79.8	37.2	32.4	367.2
6th Anniversary of In Service Date	84.7	42.2	36.7	416.1
7th Anniversary of In Service Date	89.6	47.1	41.0	464.6
8th Anniversary of In Service Date	94.5	51.9	45.2	512.4
9th Anniversary of In Service Date	99.8	57.3	49.8	565.5
10th Anniversary of In Service Date	105.0	62.5	54.4	616.5
11th Anniversary of In Service Date	110.3	67.7	58.9	668.0
12th Anniversary of In Service Date	115.3	72.8	63.3	718.0
13th Anniversary of In Service Date	121.0	78.5	68.3	774.4
14th Anniversary of In Service Date	126.8	84.2	73.3	831.4
15th Anniversary of In Service Date	130.5	87.9	76.5	867.5
16th Anniversary of In Service Date	133.9	91.4	79.5	901.7
17th Anniversary of In Service Date	137.4	94.8	82.5	936.0
18th Anniversary of In Service Date	140.9	98.3	85.6	970.2
19th Anniversary of In Service Date	144.3	101.8	88.6	1004.4
20th Anniversary of In Service Date	147.8	105.3	91.6	1038.7
21st Anniversary of In Service Date	151.3	108.7	94.6	1072.9
22nd Anniversary of In Service Date	154.0	111.5	97.0	1100.0
23rd Anniversary of In Service Date	154.2	111.7	97.2	1102.2
24th Anniversary of In Service Date	154.2	111.7	97.2	1102.2
25th Anniversary of In Service Date	154.2	111.7	97.2	1102.2

** New Load based on Customer's Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. "Overload" derived in accordance with Section 6.7.9 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

1. Each party represents and warrants to the other that:

(a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
(b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
(c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its charter or by-law instruments; (ii) any Material contracts or instruments to which it is bound; or (iii) any laws applicable to it;
(d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
(e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
(f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The HST registration number for Hydro One is [redacted] and the HST registration number for the Customer is as specified in Schedule "A" of the Agreement; and
(g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

(b) the Customer shall perform the Customer Connection Work, at its own expense;

(c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*;

(d) the Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities;

(e) the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;

(f) Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(g) unless otherwise provided herein, Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified

Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;

(h) Hydro One is not permitted to Connect any new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;

(i) Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the *Transmission System Code*, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in addition to the Hydro One Connection Work described in Schedule "A", Hydro One shall: provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the *Transmission System Code*, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in its entirety by reference into, and forms an integral part of the Agreement. All references to "this Agreement" in Section 27.13 shall be deemed to be a reference to the Agreement;

(l) the Customer shall enter into a Connection Agreement with Hydro One or amend its existing Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(m) Hydro One shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Hydro One Connection Work are filed in a timely manner; and

(n) the Customer shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Customer Connection Work or for the construction, Connection and operation of the Customer's Facilities are filed in a timely manner.

4. The following aspects of the Hydro One Connection Work and Hydro One's rights and requirements hereunder are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system, Hydro One's:

(a) specifications of the protection equipment on the Customer's side of the Connection Point;
(b) acceptance of power system components on the Customer's side of the Connection Point;
(c) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
(d) participation in the commissioning, inspection or testing of the Customer's Facilities.

The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

(a) the Customer is in compliance with its obligations under the Agreement;
(b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;

(c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for any portion of the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion of the Hydro One Connection Work;
(d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work or the Network Pool Work elsewhere on its transmission system or distribution system due to an Emergency (as that term is defined in the *Transmission System Code*) or a Force Majeure Event;
(e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;
(f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998,* such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;
(g) where applicable, Hydro One received the easement described in Section 24 hereof by the Easement Date specified in Schedule "A" of the Agreement;
(h) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws in order to perform all or any part of the Hydro One Connection Work:
    (i) environmental approvals, permits or certificates;
    (ii) land use permits from the Crown; and
    (iii) building permits and site plan approvals;
(i) Hydro One is able, using reasonable efforts, to obtain all necessary land rights on terms substantially similar to the form of the easement that is attached hereto as Appendix "B" of these Standard Terms and Conditions for the Project, prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date;
(j) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work provided that such delays are beyond the reasonable control Hydro One; and
(k) the Customer executed the Agreement on or before the date specified as the Execution Date.

The Customer acknowledges and agrees that the Ready for Service Date may be materially affected by difficulties with obtaining or the inability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

6. Upon completion of the Hydro One Connection Work:

(a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and
(b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

(i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and
(ii) any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with regard to Hydro One's requirements to permit Connection of the New or

Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of supply, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with copies of the documentation specified in Schedule "A" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool Work and/or Line Connection Revenue for the Line Connection Pool Work and/or Network Revenue for the Network Customer Allocated Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Network Customer Allocated Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work is provided in Schedule "B" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work is specified in Schedule "B" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "B" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a new Schedule "B" to replace Schedule "B" of the Agreement attached hereto which shall identify the following:

(a) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
(b) the actual Engineering and Construction Cost of the Line Connection Pool Work;
(c) the actual Engineering and Construction Cost of the Network Customer Allocated Work;
(d) the actual Engineering and Construction Cost of the Work Chargeable to Customer;
(e) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work; and
(f) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements and/or Network Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "B" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contributions paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the

Line Connection Pool Work and the Network Customer Allocated Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "B". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contributions required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "B".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

(a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs;
(b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer; or
(c) the construction of or modifications to Hydro One's Network Facilities that may be required to accommodate the New or Modified Connection other than Network Customer Allocated Work unless Hydro One has indicated in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution.

10.3 Notwithstanding Sub-section 10.2(c) above, if Hydro One indicates in Schedule "A" of the Agreement that exceptional circumstances exist so as to reasonably require the Customer to make a Capital Contribution towards the Network Pool Work, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently perform the Network Pool Work pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 20 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun to perform the Network Pool Work, the Customer may request, in writing, that Hydro One not perform the Network Pool Work and Hydro One shall promptly return to the Customer any outstanding security deposit related to the Network Pool Work.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof for the construction or modification of a Hydro One-owned Connection Facility other than an enabler facility and where this Capital Contribution includes the cost of capacity on the Connection Facility in excess of the Customer's needs as indicated in Schedule "B" of the Agreement, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.3.17A of the *Transmission System Code* if that capacity is assigned to another Load Customer within fifteen (15) years of the In Service Date of the Connection Facility.

11. Hydro One shall perform a True-Up, based on Actual Load:

(a) at the True-Up Points specified in Schedule "A" of the Agreement; and
(b) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

Hydro One shall perform True-Ups in a timely manner. Within 30 calendar days following completion of each of the True-Ups referred to in 11(a), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

(i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefor; and

(ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with the OEB-Approved Connection Procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code.*

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code)* during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the Transmission System Code when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14. Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code.*

Part C: Work Chargeable to Customer, Network Pool Work and Premium Costs

15.1 The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described asWork Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amounts specified in Schedule "B" of the Agreement in the manner specified in Schedule "B" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

(a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or
(b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Sections 10.3 and 18 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Part 3 of Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

Part D: Right of Customer to By-Pass Existing Load Facilities

17.1 **Obligation to Notify Hydro One of Customer's Intent to Bypass an Existing Load Facility:** If the Customer chooses to exercise its rights under the *Transmission System Code* and the Agreement to bypass the Existing Load Facility, the Customer shall notify Hydro One, in writing, in accordance with the requirements of Schedule J of the Connection Agreement prior to transferring load from the Existing Load Facility. Upon receiving the notice, Hydro One will proceed in accordance with Section 6.7 of the Transmission System Code and the applicable terms of the Connection Agreement.

17.2 **Hydro One has not received a Notice of Customer Intent to Bypass an Existing Load Facility and Customer has Transferred Existing Load:** Where Hydro One determines that the Customer has transferred load from the Existing Load Facility without notifying Hydro One in accordance with the requirements of Schedule J of the Connection Agreement, Hydro One will notify the Customer, all other load customers served by the connection facility and the OEB of a potential by-pass situation in accordance with the OEB-Approved Connection Procedures and its obligations in Section 6.7 of the Code and the applicable terms of the Connection Agreement. If the Customer does not intend to by-pass the Existing Load Facility, the Customer must, in accordance with the OEB-Approved Connection Procedures:

(a) notify Hydro One and the OEB within 30 days of receiving Hydro One's notification of potential by-pass, that it has no intention of by-passing Hydro One's Existing Load Facility;
(b) transfer the load back to the Existing Load Facility within an agreed time period; and
(c) compensate Hydro One for the lost revenues.

17.3 The Customer agrees that Sections 17.1 and 17.2 above shall also be terms of the Connection Agreement.

Part E: Cancellation or Termination of Project and Early Termination of Agreement for Breach

18. Notwithstanding any other term of the Agreement, if at any time prior to the In-Service Date, the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Line Connection Pool Work, the Transformation Connection Pool Work, the Network Pool Work, the Network Customer Allocated Work and the Work Chargeable to Customer incurred on and prior to the date that the Project is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs.

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

(a) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation; or

(b) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or

(c) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

The Customer shall pay Hydro One's Engineering and Construction Costs (plus Taxes) which become payable under this Section 18 within 30 calendar days after the date of invoice.

Part F: Sale, Lease, Transfer or Other Disposition of Customer's Facilities

19. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part G: Security Requirements

20. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash, letter of credit or surety bond, the Customer shall furnish such security in the amount and by the dates specified in Schedule "A" of the Agreement. Hydro One shall return the security deposit to the Customer as follows:

(a) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and

(b) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where and to the extent that the Customer fails to pay any amount due under the Agreement within the time stipulated for payment; or (b) in the circumstances described in the OEB-Approved Connection Procedures.

Part H: Disputes

21. All disputes, including, but not limited to, disputes related to:

(a) the cost and the allocation of the costs under this Agreement;
(b) the cost and the allocation of costs of the Hydro One Connection Work and notwithstanding Hydro One's decision not to allocate or to allocate any part of the costs of this work to the Customer at this time; or
(c) any other costs and the allocation of any other costs associated with, related to, or arising out of the connection of the Project to Hydro One's transmission system or Hydro One's policies in respect of connections generally,

shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

22. If a dispute arises while Hydro One is constructing the New or Modified Connection Facilities, Hydro One shall not cease the work or slow the pace of the work without leave of the OEB.

23. Hydro One shall refund to the Customer or the Customer shall pay to Hydro One any portion of Capital Contributions, as the case may be, which the OEB subsequently determines should not have been allocated to the Customer or should have been allocated to the Customer by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in this Agreement. This obligation shall survive the termination of this Agreement.

Part I: Easement

24. If specified in Schedule "A" that an easement(s) is required from the Customer, the Customer shall grant an easement to Hydro One substantially in the form of the easement attached hereto as Appendix "B" of these Standard Terms and Conditions for the property(ies) described as the Easement Lands in Schedule "A" on or before the date specified as the Easement Date in Schedule "A" (hereinafter referred to as the "Easement") with good and marketable title thereto, free of all encumbrances, first in priority except as noted herein, and in registerable form, in consideration of the sum of $2.00.

Part J: Events of Default

25. Each of the following events shall constitute an "Event of Default" under the Agreement:

(a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 18 within the time stipulated for payment;
(b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or
(c) the making of an order or resolution for the winding up of the Customer or Hydro One or of their respective operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer or Hydro One.

For greater certainty, a dispute shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply, within a reasonable period of time, with the terms of a determination of such a dispute by the OEB or with a decision of a court of competent jurisdiction with respect to a determination made by the OEB shall be considered an Event of Default under the Agreement.

26. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in Section 25(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the following:

(a) the sum of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1 and where applicable, Section 16 less any amounts already paid by the Customer in accordance with Section 10.1, 12, 15.1 and 16

if this clause is invoked after the In-Service Date; or

(b) the amounts payable under Section 16 and 18 less any amounts already paid by the Customer in accordance with Sections 10.1, 15.1 and 16 if this clause is invoked prior to the In-Service Date.

27. Upon the occurrence of an Event of Default by Hydro One hereunder (other than those specified in Section 25(c), the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

28. All rights and remedies of Hydro One and the Customer provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and the Customer respectively at law or in equity, and any one or more of Hydro One's and the Customer's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or the Customer may have or may not have exercised. The parties further agree that where any of the remedies provided for and elected by the non-defaulting party are found to be unenforceable, the non-defaulting party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part K:Changes to Transmission Rates

29. In the event that the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate is rescinded or the methodology of determination or components is materially changed, the Parties agree to negotiate a new mechanism for the purposes of the Agreement, provided that such new mechanism will not result in an increase in the amounts of Capital Contribution or Security Deposits payable by the Customer to Hydro One hereunder. The Parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate to agree to a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate. If the Parties are unable to successfully negotiate a replacement within that 90 calendar day period, this shall be considered a dispute under the terms of this Agreement and the parties shall follow the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

Any settlement on a new mechanism pursuant to this Section 29 shall apply retroactively from the date on which the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate was rescinded or fundamentally changed. Until such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate in effect prior to the effective date of any such changes.

Part L: Incorporation of Liability and Force Majeure Provisions

30. PART III: LIABILITY AND FORCE MAJEURE (with the exception of Section 15.5 thereof) and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into, and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO "this Agreement" shall be deemed to be a reference to the Agreement and all references to the "the Transmitter" shall be deemed to be a reference to Hydro One.

For the purposes of this Section 30, the Parties agree that the reference to:

(a) the Transmitter in lines 3 and 4 of Section 15.1 means the Transmitter or any party acting on behalf of the Transmitter such as contractors, subcontractors, suppliers, employees and agents; and

(b) the Customer in lines 3 and 4 of Section 15.2 means the Customer or any party acting on behalf of the Customer such as contractors, subcontractors, suppliers, employees and agents.

Part M: General

31. This Agreement is subject to the *Transmission System Code* and the OEB-Approved Connection Procedures. If any provision of this Agreement is inconsistent with the:

(a) *Transmission System Code,* the said provision shall be deemed to be amended so as to comply with the *Transmission System Code;*
(b) OEB-Approved Connection Procedures the said provision shall be deemed to be amended so as to comply with the OEB-Approved Connection Procedures; and
(c) Connection Agreement made between the parties, associated with the new customer connection facilities, on the same subject matter, the Connection Agreement governs.

32. The failure of either party hereto to enforce at any time any of the provisions of the Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of the Agreement or any part hereof or the right of either party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of the Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under the Agreement.

33. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

34. Any written notice required by the Agreement shall be deemed properly given only if either mailed or delivered to the Secretary, Hydro One Networks at 483 Bay Street, 8th Floor, South Tower, Toronto, ON M5G 2P5, fax no: (416) 345-6972 on behalf of Hydro One, and to the person at the address specified in Schedule "A" of the Agreement on behalf of the Customer. A faxed notice shall be deemed to be received on the date of the fax if received before 3 p.m. on a business day or on the next business day if received after 3 p.m. or a day that is not a business day. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

35. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein.

36. The Agreement may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

37. The Customer shall provide Hydro One with a copy of the Customer's final monthly bills associated with the transmission of electricity from the Existing Load Facilities and/or the Customer's Facilities or authorize the IESO to provide Hydro One with same. Hydro One agrees to use this information solely for the purpose of the Agreement.

38. **Invoices and Interest:** Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

39. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16, 18 or 23 shall survive the termination of the Agreement.

Appendix "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Load" means the actual load delivered by Hydro One to the Customer up to the True-Up Point in excess of the Normal Capacity of the Existing Load Facilities.

"Assigned Capacity" is calculated in accordance with Section 6.2.2 of the *Transmission System* Code.

"Adjusted Load Forecast" means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work and/or the Pool Funded Cost of the Network Customer Allocated Work.

"Agreement" means the Connection Cost Recovery Agreement, Schedules "A" and "B" attached thereto and these Standard Terms and Conditions.

"Applicable Laws" means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or governmental department, commission board, court authority or agency.

"Approval Date" means for the purpose of Subsection 5(f) of the Terms and Conditions, the date specified in Schedule "A" of the Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Connect and Connection" has the same meaning ascribed to the term "Connect" in the *Transmission System Code.*

"Connection Agreement" means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

"Connection Facilities" has the meaning set forth in the *Transmission System Code.*

"Connection Point" has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule "A" of the Agreement.

"Customer Connection Work" means the work to be performed by the Customer, at its sole expense, which is described in Schedule "A" of the Agreement.

"Customer Connection Risk Classification" is as specified in Schedule "A" of the Agreement.

"Customer's Facilities" has the meaning set forth in the *Transmission System Code*, and includes, but is not limited to any new, modified or replaced Customer's Facilities.

"Customer's Property(ies)" means any lands owned by the Customer in fee simple or where the Customer has easement rights.

"Distributor" has the meaning set forth in the *Transmission System Code.*

"Economic Evaluation Period" means the period of five (5) years for high risk connection, ten (10) years for a medium-high risk connection, fifteen (15) years for a medium-low risk connection and twenty-five years for a low risk connection commencing on the In Service Date whichever is applicable to the Customer as specified in Schedule "A" of the Agreement.

"Engineering and Construction Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads as well as interest during construction using Hydro One's capitalization rate in effect during the construction period.

"*Electricity Act*, 1998" means the *Electricity Act, 1998* being Schedule "A" of the *Energy Competition Act*, S.O. *1998*, c.15, as amended.

"Existing Load" in relation to the Customer and each of the Existing Load Facilities is equal to the Customer's Assigned Capacity at each of the Existing Load Facilities on the date of this Agreement.

"Existing Load Facility or Existing Load Facilities" means the connection facility(ies) owned by Hydro One as specified in the Existing Load Table in Schedule "A" of the Agreement where the Customer has Existing Load.

"Force Majeure Event" has the meaning ascribed thereto in the Connection Agreement.

"**HST**" means the Harmonized Sales Tax.

"Hydro One Connection Work" means the work to be performed by Hydro One, which is described in Schedule "A" of the Agreement.

"Hydro One Facilities" means Hydro One's structures, lines, transformers, breakers, disconnect switches, buses, voltage/current transformers, protection systems, telecommunication systems, cables and any other auxiliary equipment used for the purpose of transmitting electricity.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator continued under the *Electricity Act, 1998.*

"In Service Date" has the same meaning ascribed to the term "comes into service" in the *Transmission System Code.*

"Incremental Network Load" means the Customer's New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

"Interest" means the interest rates specified by the OEB to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code.*

"Line Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Line Connection Pool Work".

"Line Connection Revenue" means the amount of line connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

"**Line Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Load Customer" has the meaning set forth in the *Transmission System Code.*

"Load Forecast" means the initial load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities used in the initial economic evaluation for the Economic Evaluation Period.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle preventing the performance or exercise of a right.

"Network Customer Allocated Work" means the construction of or modifications to Network Facilities specified in Schedule "A" of the Agreement under the heading "Network Customer Allocated Work" that are minimum connection requirements.

"Network Facilities" has the meaning set forth in the *Transmission System Code.*

"Network Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Network Pool Work".

"Network Revenue" means the amount of network revenue attributable to the Incremental Network Load to be received by Hydro One through the monthly collection of the Network Service Rate during the Economic Evaluation Period.

"Network Service Rate" " means the network service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"New Load" means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

"New or Modified Connection Facilities" means the facilities owned by Hydro One as specified in Schedule "A" of the Agreement.

"Normal Capacity" means, where the Customer is:

(a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures; and

(b) one of two or more Load Customers served by an Existing Load Facility, the Customer's pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures.

"OEB" means the Ontario Energy Board.

"OEB-Approved Connection Procedures" means Hydro One's connection procedures as approved by the OEB from time to time.

"Ontario Energy Board Act" means the *Ontario Energy Board Act* being Schedule "B" of the *Energy Competition Act*, S.O. *1998*, c. 15, as amended.

"Pool-Funded Cost" means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work, the Line Connection Pool Work and/or the Network Customer Allocated Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short time-frame for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"Rate Order" has the meaning ascribed thereto in the *Transmission System Code.*

"Ready for Service Date" means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Standard Terms and Conditions" means these Standard Terms and Conditions for Low Risk Transmission Customer Connection Projects and Appendices "A" and "B" attached hereto.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"Transformation Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Transformation Connection Pool Work".

"Transformation Connection Revenue" means the amount of transformation connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

"Transformation Connection Service Rate" means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Transmission System Code" or "Code" means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

"Transmitter's Facilities" has the meaning ascribed thereto in the *Transmission System Code.*

"True-Up" means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the *Transmission System Code.*

"True-Up Point" means the points of time based upon the Customer Connection Risk Classification when Hydro One is required to perform a True-Up as described in Section 11 of these Terms and Conditions.

"Updated Load Forecast" means the load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities for the remainder of the Economic Evaluation Period.

"Work Chargeable to Customer" means the Hydro One Connection Work specified in Part 4 of Schedule "A" of the Agreement under the heading "Work Chargeable to Customer".

Appendix "B": **Form of Easement**

INTEREST / ESTATE TRANSFERRED

The Transferor is the owner in fee simple and in possession of _____
_____
_____ (the **"Lands"**).

The Transferee has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

1 The Transferor hereby grants and conveys to Hydro One Networks Inc, its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed and exclusive rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the **"Rights"**) in, through, under, over, across, along and upon that portion of the Lands of the Transferor described herein and shown highlighted on Schedule "A" hereto annexed (the **"Strip"**) for the following purposes:

(a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Strip an electrical transmission system and telecommunications system consisting in both instances of a pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the **"Works"**) as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.

(b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees (subject to compensation to Owners for merchantable wood values), branches, bush and shrubs and other obstructions and materials in, over or upon the Strip, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

(c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Strip as the Transferee in its discretion considers requisite.

(d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Strip as the Transferee may from time to time consider necessary.

(e) Except for fences and permitted paragraph 2(a) installations, to clear the Strip and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the **"obstruction"**) whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger its Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any persons or property or which do or may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.

(e) To enter on and exit by the Transferor's access routes and to pass and repass at all times in, over, along, upon and across the Strip and so much of the Lands as is reasonably required, for

Transferee, its respective officers, employees, agents, servants, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement and

(f) To remove, relocate and reconstruct the line on or under the Strip.

2. The Transferor agrees that:

(a) It will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing, erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the **"Installation"**) or any portion thereof; provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorised interference aforesaid or contravention of this paragraph, or if any authorised interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages caused thereby.

(b) notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at anytime and from time to time be removable in whole or in part by Transferee.

(c) no other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.

(d) the Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.

(e) the Rights hereby granted:

(i) shall be of the same force and effect to all intents and purposes as a covenant running with the Strip.

(ii) is declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph 1(a).

3. The Transferee covenants and agrees to obtain at its sole cost and expense all necessary postponements and subordinations (in registrable form) from all current and future prior encumbrancers, postponing their respective rights, title and interests to the Transfer of Easement herein so as to place such Rights and easement in first priority on title to the Lands.

4. There are no representations, covenants, agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied, collateral or otherwise except those set forth herein.

5. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Transferor has hereunto set his hand and seal to this Agreement, this ___ day of _____, 200__.

SIGNED, SEALED AND DELIVERED
In the presence of)
)
_____(seal)
Signature of Witness)
)
)
)
_____)
_____(seal)
Signature of Witness

_____)
Transferor's Signature

_____)
Transferor's Signature

SIGNED, SEALED AND DELIVERED)
In the presence of)
)
)
)
_____)
Signature of Witness

Consent Signature & Release of
Transferor's Spouse, if non-owner.

_____(seal)

CHARGEES

THE CHARGEE of land described in a Charge/Mortgage of Land dated _____

Between _____ and _____

and registered as Instrument Number _____ on _____ does

hereby consent to this Easement and releases and discharges the rights and easement herein from the said Charge/Mortgage of Land.

Name	Signature(s)	Date of Signatures Y M D
	Per:	
	_____	
	_____	
	I/We have authority to bind the Corporation	

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CONNECTION AND COST RECOVERY AGREEMENT (CCRA) - LOAD

between

Elexicon Energy Inc.

and

Hydro One Networks Inc.

for

Belleville TS DESN 2

Docusign Envelope ID: 6957442A-3F45-4758-B1CF-9B2FE0380AE0

Elexicon Energy Inc. (the **"Customer**") has requested and Hydro One Networks Inc. ("**Hydro One**") has agreed to perform the Hydro One Connection Work for the Project described in Part I below on the terms and conditions set forth in this Connection Cost Recovery Agreement DATED February __, 2025 (the "**Agreement**"). The attached Standard Terms and Conditions for Load Customer Transmission Customer Connection Projects V7 6-2023 (the "**Standard Terms and Conditions**" or "**T&C**"), and the following schedules attached hereto are to be read with and form part of this Agreement:

Schedule "A" - Scope of Hydro One Connection Work
Schedule "B" - Scope of Customer Connection Work
Schedule "C" - Capital Contribution(s), Payment Schedule, Revenue Requirements Etc.
Schedule "D" - Form of Cost Report
Schedule "E" - Intentionally Deleted
Schedule "F"- Intentionally Deleted
Schedule "G" - Intentionally Deleted
Schedule "H" - Intentionally Deleted
Schedule "I" - Intentionally Deleted
Schedule "J" - Intentionally Deleted
Schedule "M" - Form of Project Status Report

I. Project Summary

The Customer and Hydro One's distribution business unit ("**Hydro One Dx**") are each connected to Hydro One's transmission system and have both requested that Hydro One build a new 230/44kV 75/125 MVA DESN transformer station designated as "**Belleville TS DESN 2**" in the Belleville area (the "**Project**") to meet their respective forecast load growth and to and relieve existing and post-contingency overloading at the existing Hydro One facility, Belleville TS. Belleville TS DESN 2 will be built at the existing Belleville TS property in the city of Belleville owned by Hydro One.

The Customer and Hydro One Dx have agreed to share the capacity of the Belleville TS DESN 2 and the cost of the Project based on their respective capacity needs as set out below:

	Project Cost Allocation %
Customer	51%
Hydro One DX	49%

II. Term

The term of this Agreement commences on the date first written above and terminates on the 25th anniversary of the In Service Date (the "**Term**") unless terminated earlier in accordance with the terms of this Agreement.

III. Special Circumstances

1. **In addition to the circumstances described in Section 5 of the Standard Terms and Conditions, the Ready for Service Date is subject to the Customer:**

   (a) executing and delivering this Agreement to Hydro One by no later than February 21, 2025, (the "**Execution Date**"); and
   (b) paying Hydro One all amounts required to be paid by the Customer on the execution of this Agreement by the Customer.
2. Section 6.5.2 of the Transmission System Code permits the initial calculation of a

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Capital Contribution based on estimated costs provided that the Capital Contributions are recalculated based on the actual costs. The estimates of the Engineering and Construction Cost and the Capital Contributions specified in Schedule "C" of this Agreement were derived based on the following type of estimate performed by Hydro One at the Customer's request:

√	Type of Estimate	Description	Typical Range of Estimate
√	AACE* Class 3	Detailed Estimate: Prepared based on the completion of preliminary design activities which may include drawings, technical studies, and surveys. This estimate may represent 20% design definition and can include cost for materials/Procurement, Engineering and Project Management, Construction and Commissioning, Risk/Contingencies, Interest and Overheads.	+30% /-20%**
	AACE Class 4	Budgetary Estimate: Prepared based on the completion of conceptual estimate which may include sketches, review of existing drawings, and a site assessment at the connecting customer's expense and upon completion of the CCEA. This estimate may represent 10% design definition and can be summarized into cost of Materials/Procurement, Engineering, Project management cost and Construction and Commissioning cost.	+50/-30%**
	AACE Class 5	Conceptual Estimate: Prepared based on the Customer's conceptual scope of work and is summarized into the following two basic groupings: ▪ Historical cost of Materials/Procurement ▪ Engineering, Project management, Construction and Commissioning.	+100/-50**
	Planner's Estimate	High-level Ballpark Estimate for Preliminary Planning Purposes: Provided when the Customer wants to bypass the estimating stage of the Transmission Connection Process and go straight to project execution using the unit costs from a somewhat comparable project (which may not be recent if the work to be performed by Hydro One is rarely performed or rarely performed in certain areas of the province).	None but substantially less accurate than AACE Class 5 Range

* Association for the Advancement of Cost Engineering
** AACE cost estimation system No. 18R-97.

Notwithstanding the type of estimate performed by Hydro One for the Project, the actual Engineering and Construction Cost of the Transformation Connection Pool Work; the Line Connection Pool Work and the Network Pool Work will be used to determine the actual capital contributions payable by the Customer for each of the pools as well as the Engineering and Construction Cost of the Work Chargeable to Customer.

The Range of Estimate provided in the table above for AACE estimates is indicative and not guaranteed by Hydro One. What the Range of Estimate does do is highlight the risk to the Customer that as the Range of Estimate for the type of estimate performed for the Project is less refined, the scope of the Hydro One Connection Work identified in Schedule "A" will contain a greater number of assumptions on the part of Hydro One which if they are incorrect may materially change the scope of the Hydro One Connection Work from what is identified in Schedule "A", delay the Ready for Service Date identified herein and/or increase the Engineering and Construction Cost of the Hydro One Connection Work and may also materially change the scope of the Customer Connection Work to be performed by the Customer from what is identified in Schedule "B".

For the Customer's budgetary and cost tracking purposes, Hydro One agrees to provide the Customer quarterly basis with project status reports in a form substantially similar to the form attached hereto as Schedule "D" and forming a part of this Agreement.

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3. Hydro One and the Customer are parties to Connection Cost Estimate Agreements dated February 1 , 2023 for an AACE Class 4 estimate ("**Class 4 CCEA**") and November 30, 2023 for an AACE Class 3 estimate **("Class 3 CCEA**") (collectively, the Class 4 CCEA and the Class 3 CCEA are referred to as the "**CCEAs**") and the parties acknowledge and agree that:

   (a) the Customer made an advance payment of $242,500.00 (plus HST in the amount of $31,525.00) towards the cost of the Work under the Class 4 CCEA (the "**CCEA Payment**") and no advance payment towards the cost of the Work under the Class 3 CCEA;

   (b) Hydro One performed the Work under the Class 4 CCEA and the Work performed under the Class 3 CCEA Work at a total cost of $ $457,200.00 (plus HST in the amount of $59,436) (the "**Cost of CCEA Work**"); and

   (c) notwithstanding any term to the contrary in any the CCEA, the CCEA Payment is credited against the amounts payable by the Customer under the terms of this Agreement and the Cost of CCEA Work is included in this Agreement; and

   (d) the CCEAs are deemed to be amended to reflect the inclusion of the Cost of CCEA Work and the CCEA Payment in this Agreement and that there will be no separate cost reconciliation process under the terms of either of the CCEAs.

5. Hydro One and the Customer are parties to an Agreement for Advance Payment of Engineering Design Work Prior to Execution of a CCRA in respect of the connection of the Project to Hydro One's transmission system dated March 22, 2024 ("**Engineering Design Agreement**"):

   (a) pursuant to which the Customer provided an Advance Payment of $2,034,500.00 plus HST in the amount of $264,485.00 (the "**Engineering Design Advance Payment**") for performance of the Engineering Design Work;
   (b) which required that the scope of the work and the cost estimate in this Agreement include the Engineering Design Work;
   (c) which required that the Engineering Design Advance Payment be credited against the amounts payable by the Customer under the terms of this Agreement;

   and as such, Hydro One:

   1. included the Engineering Design Work in the scope of the Hydro One Connection Work and the estimate of the Engineering and Construction Cost of the Hydro One Connection Work identified in this Agreement; and
   2. credited the Engineering Design Advance Payment against the amounts payable by the Customer under the terms of this Agreement.

IV. Premium Costs

The Customer acknowledges and agrees that in addition to the circumstances described in Section 16 of the Standard Terms and Conditions, Hydro One shall have the right to perform work at overtime rates and charge the Customer "Premium Costs" for same without obtaining the Customer's consent during transmission system outages taken to perform Hydro One Connection Work and/or commissioning.

V. Confidentiality Terms

The parties agree that section 1.1.3 (Definition of Confidential Information) and Part Seven of the Connection Agreement are incorporated herein and shall apply mutatis

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mutandis to this Agreement; provided that for purposes of the incorporated section 21.2 within such Part Seven of the Connection Agreement (for the purposes of this subsection (c), "**Section 21.2**"), Hydro One consents to the Customer disclosing Hydro One's Confidential Information to other persons as required for the development, construction, financing, and operation of the Customer's distribution system subject to the Customer complying with the requirement in Section 21.2 to ensure that such other persons comply with the confidentiality provisions set out in the incorporated Part Seven of the Connection Agreement.

VI. Notice

Any written notice required by the Agreement shall be deemed properly given only if either e-mailed, mailed or delivered to the parties at the address identified below.

(a) If to Hydro One:

Hydro One Networks Inc.
483 Bay Street
14th Floor, North Tower
Toronto, Ontario M5G 2P5

Attention: Robert Reinmuller, P.Eng.,
Vice President, Transmission System Planning & Large Customer
e-mail address: Robert.Reinmuller@HydroOne.com

(b) If to the Customer:

Elexicon Energy Inc.
55 Taunton Road
Ajax, Ontario L1T 0J3

Attention: Sam Sadeghi
e-mail address: ssadeghi@elexiconenergy.com

Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. Notices sent by e-mail shall be deemed to be received on the date of the e-mail if sent before 3 p.m. on a business day or on the next business day if sent after 3 p.m. or a day that is not a business day. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

VII. General

(a) Subject to Section 32 of the Standard Terms and Conditions, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

(b) This Agreement will supersede the terms of any purchase orders issued by the Customer to Hydro One in respect of the Project irrespective of whether same have been issued by the Customer and/or accepted by Hydro One on or after the execution of this Agreement by the Customer.

(c) This Agreement may be executed by the parties in writing or via electronic signatures and in one or more in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. Counterparts

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may be delivered via fax, electronic mail (in portable document format) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper authorized signatories, as of the day and year first written above.

ELEXICON ENERGY INC.

Signed by:
Sam Sadeghi
4F1B1D0B07C047...

Name: Sam Sadeghi
Title: Vice President, Distribution Operations and Asset Management
I have the authority to bind the Corporation.

HYDRO ONE NETWORKS INC.

Signed by:
Robert Reinmuller
24DC60889B73411...

Robert Reinmuller, P.Eng.
Vice President, Transmission System Planning & Large Customer
Execution Date: February 25, 2025
I have the authority to bind the Corporation

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Schedule "A" (Belleville TS – DESN 2): Scope of Hydro One Connection Work

MISCELLANEOUS

New or Modified Connection Facilities: new 230/44kV 75/125 MVA DESN transformer station designated as "Belleville TS DESN 2"

Connection Point: T25B/H23B

Approval Date (if Section 92 required to be obtained by Hydro One): Not applicable

Ready for Service Date: December 17, 2026

Ownership: Hydro One will own all equipment provided by Hydro One as part of the Hydro One Connection Work

GENERAL:

Hydro One will provide project management, engineering, equipment and material, construction and commissioning of the Hydro One Connection Work. The scope of the Hydro One Connection Work includes the requirements from and the assumptions identified by Hydro One in the Connection Cost Estimate Report dated December 6 2024 in addition to the requirements from:

- the IESO's System Impact Assessment (SIA) Report dated August 7, 2024 (CAA ID #2023-758;
- Hydro One's Customer Impact Assessment (CIA) Report dated November 4, 2024 and

Hydro One, or its agents:

(i) will supply and install all materials and equipment not specifically described herein that are required or may be necessary to complete the work for the purpose required;

(ii) shall repair any damage caused to lands, owned by Hydro One or third parties, associated with or related to the Hydro One Connection Work;

(iii) where Hydro One deems necessary, install appropriate solutions to address public safety concerns regarding the facilities being constructed by Hydro One, which may include, but is not limited to, safety enclosures and signage; and

(iv) scrap all materials and equipment removed by Hydro One, or its agents, at site unless specifically stated otherwise.

SCOPE DETAILS (BY CATEGORY):

Part 1: Transformation Connection Pool Work

Hydro One will:

- Provide two line terminating structures complete with two 230kV, 2000A transformer disconnect switches complete with ground switches and provide bus work associated with the connection of the switches from the line entrance to the transformer bushings
- Provide two (2) new 75/100/125 MVA 230/44 kV transformers (T3 and T4) and associated neutral grounding reactors

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- Two (2) new spill containments for the new transformers
- New footings and structures to support new equipment associated with the new DESN #2
- Install two (2) capacitor banks and associated capacitor circuit switcher and disconnect switches
- Provide surge arrestors for both the HV and LV sides of the transformers, overhead connections, from 230kV line terminating structures and overhead connections to the 44 kV structures
- Install 4-bay low voltage switchyard including two (2) transformer breakers and associated disconnect switches, one (1) bus-tie breaker and associated disconnect switch, six (6) feeder breakers and associated disconnect switches, and three (3) feeder tie switches
- Provide two 44kV feeder positions with provisions for two additional breaker position in the future for the Third Party, and four 44kV feeder position for the Customer
- Install two (2) capacitor banks and associated capacitor circuit switcher and disconnect switches
- Install AC station service including two (2) station service transformers, two (2) fused disconnect switches, and outdoor panels
- Perform a grounding study and ground potential rise study and provide station ground grid to cover the New or Modified Facility.
- Provide Protection, Control, Metering, and Annunciation for the New or Modified Connection Facility
- Provide access road, grading, spill containment, and drainage for the New and Modified Connection Facility, as required
- Perform Environmental Assessment Screening, Archaeological Assessment, and Species at Risk assessment
- Acquire the required municipal and government approvals and permits for the construction and operation of the New or Modified Connection Facility
- Provide landscaping, as required, by the Town of Belleville

Hydro One will obtain the following Land Rights for the Transformation Connection Pool Work[2]: None

Part 2: Line Connection Pool Work

Hydro One will:

- Relocate existing 115 kV transmission line circuit Q6S [redacted] to accommodate new DESN (Completed)

Hydro One will obtain the following Land Rights for the Line Connection Pool Work[2]: None

Part 3: Network Pool Allocated Work
None

Part 4: Network Pool Work (Non-Recoverable from Customer)
None

Part 5: Work Chargeable to Customer
None

[2] Cross-reference: Section 24 of T&C and definition of Land Rights in Appendix A of the T&C.

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Part 6: Scope Change

For the purposes of this Part 6 of Schedule "A", the term "Non-Customer Initiated Scope Change(s)" means one or more changes that are required to be made to the Project Scope as detailed and documented in Parts 1 to 5 of this Schedule "A" as a result of any one or more of the following:

- any environmental assessment(s);
- requirement for Hydro One to obtain approval under Section 92 (leave to construct) of the Ontario Energy Board Act if the transmission line route selected by Hydro One is greater than 2 km in length;
- Hydro One having to expropriate property under the Ontario Energy Board Act;
- conditions included by the OEB in any approval issued by the OEB under Section 92 of the Ontario Energy Board Act or any approval issued by the OEB to expropriate under the Ontario Energy Board Act; and
- any IESO requirements identified in the System Impact Assessment or any revisions thereto.

Any change in the Project Scope as detailed and documented in this Schedule "A" whether they are initiated by the Customer ("**Customer Initiated Scope Changes**") or are Non-Customer Initiated Scope Changes, may result in a change to the Project costs estimated in Schedule "C" of this Agreement and the Project schedule, including the Ready for Service Date.

All Customer Initiated Scope Changes to this Project must be made in writing to Hydro One. Hydro One will advise the Customer of any cost and schedule impacts of any Customer Initiated Scope Changes.

Hydro One will not implement any Customer Initiated Scope Changes until written approval has been received from the Customer accepting the new pricing and schedule impact.

Hydro One will advise the Customer of any Material cost and/or Material schedule impacts of any Non-Customer Initiated Scope Changes. Hydro One will implement all Non-Customer Initiated Scope Changes until the estimate of the Engineering and Construction Cost of all of the Non-Customer Initiated Scope Changes reaches 10% of the total sum of the estimates of the Engineering and Construction Cost of:

(i) the Transformation Connection Pool Work,
(ii) the Line Connection Pool Work;
(iii) Network Pool Work;
(iv) Network Pool Allocated Work; and
(v) The Work Chargeable to Customer.

At that point, no further Non-Customer Initiated Scope Changes may be made by Hydro One without the written consent of the Customer accepting new pricing and schedule impact. If the Customer does not accept the new pricing and schedule impact, Hydro One will not be responsible for any delay in the Ready for Service Date as a consequence thereof.

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Schedule "B" (Belleville TS – DESN 2): Scope of Customer Connection Work

MISCELLANEOUS

Revenue Metering: IESO compliant revenue metering to be provided by the Customer.

GENERAL:

The Customer will:

(a) enter into a Connection Agreement with Hydro One or where applicable, amend its existing Connection Agreement with Hydro One at least 14 days prior to the first Connection;
(b) ensure that project data is provided to Hydro One in accordance with Subsection 3(e) of the T&C;
(c) install metering facilities in accordance with the Market Rules;
(d) provide a dedicated communication circuit for remote access to the metering equipment in accordance with the Market Rules;
(e) provide a dedicated telephone line for direct communication between Hydro One's Integrated System Operating Centre (**"Hydro One ISOC**") operator and the real time contact to be listed in the Connection Agreement can be a toll free (1-800…) phone number which should go directly to the Customer's real time contact and not an automated teleprompt/voice recording as it may require an immediate response from the Customer) and will provide round-the-clock monitoring and control of the Customer's facilities;
(f) ensure that the work to be performed by the Customer required for successful installation, testing and commissioning of protective, teleprotection, telecommunication and metering equipment is completed as required to enable Hydro One COVER verification to confirm satisfactory performance of such systems;
(g) accept operating designations as assigned by Hydro One and install nameplates on the Customer's equipment;
(h) use operating designations on all operating agreements, telemetry and protection documents and any other agreements that refer to equipment designation; and
(i) satisfy all other requirements specific to the Connection.
(j) procure and install or pull all new feeder cables complete with cable terminations through the feeder egress duct bank within Belleville TS DESN #2.
(k) In conjunction with Hydro One identify and agree to a termination point for the feeder egress that will be built by Hydro One;
(l) Provide cable and termination specification and feeder egress drawings by no later than Eight (8) weeks following the execution of this Agreement;
(m) Provide revenue metering for the New Breaker Position, compliant with IESO requirements;
(n) Install any feeder-tie switches required outside the station fence to provide alternate feeder supply connection to cover outage of the new breaker position;
(o) assume responsibility for arranging any easements required for Customer-owned feeder
(p) The Customer to build the duct structure (duct bank) up to 1.5m outside of existing station fence.
(q) Hydro One to take the duct structure work from that point (1.5m outside of the existing station fence) going all the way inside the station, up to 10m maximum distance.
(r) The Customer to pull the cables to Hydro One structure (disconnect switch) and leave the cables coiled safely on the ground. Hydro One to secure the cables to the structure.
(s) The Customer to complete terminations for their cables.

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(t) Hydro One Stations Construction has no issue with the Customer coming into the station for this work but the contract monitor will be required;
(u) The Customer to complete VLF (Very Low Frequency) testing to verify the insulation integrity of the cable before Hydro One makes the connection to the bus;
(v) The Customer to coordinate work with Hydro One so that project timelines can be met.

LAND RIGHTS REQUIRED TO BE PROVIDED BY CUSTOMER:[2]

The Customer shall provide Hydro One with the following Land Rights required by Hydro One for the Hydro One Connection Work: None

DOCUMENTATION REQUIREMENTS:

Hydro One to provide the list of Documentation no later than three months after execution of this Agreement.

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Schedule "C" (Belleville TS – DESN 2): Capital Contribution(s), Payment Schedule, Revenue Requirements Etc.

MISCELLANEOUS

Risk Classification: Low Risk

True-Up Points:
(a) following the fifth and tenth anniversaries of the In Service Date; and
(b) following the fifteenth anniversary of the In Service Date if the Actual Load was either more than 20% lower or 20% higher than the Load Forecast at the end of the tenth anniversary of the In Service Date.

Customer's HST Registration Number: [redacted]

Security Requirements: Nil

Existing Load Table:

	A	B
Existing Load Facility	Existing Load (MW)[1]	Normal Capacity (MW) [2]
Belleville TS DESN 1	106.9	109.9

Existing Load Table Notes:

[1] Existing Load means the Customer's Assigned Capacity at the Existing Load Facility as of the date of this Agreement (Section 3.0.3 of the Transmission System Code).

[2.] Any station load above the Normal Capacity of the Existing Load Facility (Overload) will be determined in accordance with Section 11.2.8 of the Transmission System Code and Hydro One's OEB-approved Transmission Connection Procedures. If the Overload is transferred to the New or Modified Connection Facilities, the Overload will be credited to the Line Connection Revenue, Transformation Connection Revenue or Network Revenue requirement, whichever is applicable.

TRANSFORMATION CONNECTION POOL WORK[1]

Estimate of the Engineering and Construction Cost of the Transformation Connection Pool Work: $32,065,600

Estimate of Transformation Connection Pool Work Capital Contribution: $18,436,400 plus HST in the amount of $2,396,700

Actual Engineering and Construction Cost of the Transformation Connection Pool Work: To be provided 180 days after the Ready for Service Date.

Actual Transformation Connection Pool Work Capital Contribution: To be provided 180 days after the Ready for Service Date

LINE CONNECTION POOL WORK[1]

Estimate of the Engineering and Construction Cost of the Line Connection Pool Work: $149,700

Estimate of Line Connection Pool Work Capital Contribution: $0 plus HST in the amount of $0

[1] All amounts appearing under the headings "Transformation Connection Pool Work" and "Line Connection Pool Work" above reflect the Customer's 51% share of the cost of the Project.

Actual Engineering and Construction Cost of the Line Connection Pool Work: To be provided 180 days after the Ready for Service Date.

Actual Line Connection Pool Work Capital Contribution: To be provided 180 days after the Ready for Service Date

NETWORK POOL ALLOCATED WORK
Not Applicable

NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):
Not Applicable

WORK CHARGEABLE TO CUSTOMER
Not Applicable

MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER

Hydro One acknowledges receipt of payment #1 and #2 identified in the table below, the Customer shall pay Hydro One the estimate of the Transformation Connection Pool Work Capital Contribution, the Estimate of Line Connection Pool Work Capital Contribution, the estimate of the Network Pool Allocated Work Capital Contribution and the estimate of the Engineering and Construction Cost of the Work Chargeable to Customer by making the payment 3 specified below on or before the Payment Milestone Date specified below. Hydro One will invoice the Customer for payment #3 30 days prior to the Payment Milestone Date (the "**Payment 3 Invoice**"). If the Customer wishes to pay all or part of Payment 3 specified below prior to the Payment Milestone Date, then upon request by the Customer (which shall include specifics of the early payment date and amount), Hydro One will invoice the Customer for such early payment, and shall reduce Payment 3 Invoice. An early payment will reduce the interest during construction charges.

Payment Milestone Date	Transformation Pool Work Capital Contribution	Line Pool Work Capital Contribution	Network Pool Allocated Work Capital Contribution	Work Chargeable To Customer	Total Payment Required
1. Class 4 CCEA Advance Payment	$242,500.00 plus HST 31,252.00				$242,500.00 plus HST 31,252.00
2. Engineering Design Agreement Advance Payment	$2,034,500.00 plus HST $264,485.00				$2,034,500.00 plus HST $264,485.00
3. 30 days prior to the Ready for Service Date	$16,159,400.00 plus HST $264,485.00				$16,159,400.00 plus HST $264,485.00

TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load (MW) Exceeding Normal Capacity of Existing Load Facilities [A] (Note A)	Adjusted Load Forecast (MW) [B]	Transformation Connection Revenue (k$) for True-Up, based on [A] or [B], whichever is applicable
1st Anniversary of In Service Date	17.1	14.5	N/A	590.9
2nd Anniversary of In Service Date	21.3	18.7		760.4
3rd Anniversary of In Service Date	23.0	20.4		831.1
4th Anniversary of In Service Date	25.0	22.4		912.0
5th Anniversary of In Service Date	26.8	24.2		984.5
6th Anniversary of In Service Date	28.6	26.0		1,058.9
7th Anniversary of In Service Date	30.6	28.0		1,141.3
8th Anniversary of In Service Date	33.3	30.7		1,251.4
9th Anniversary of In Service Date	36.0	33.4		1,358.9
10th Anniversary of In Service Date	38.2	35.7		1,451.9

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11th Anniversary of In Service Date	40.7	38.1		1,550.4
12th Anniversary of In Service Date	43.3	40.7		1,656.5
13th Anniversary of In Service Date	45.9	43.3		1,763.4
14th Anniversary of In Service Date	48.9	46.3		1,886.3
15th Anniversary of In Service Date	51.8	49.2		2,004.8
16th Anniversary of In Service Date	54.6	52.1		2,119.9
17th Anniversary of In Service Date	57.4	54.8		2,231.5
18th Anniversary of In Service Date	60.0	57.4		2,339.1
19th Anniversary of In Service Date	62.0	59.4		2,420.3
20th Anniversary of In Service Date	63.0	60.4		2,459.6
21st Anniversary of In Service Date	63.9	61.3		2,497.8
22nd Anniversary of In Service Date	64.8	62.2		2,534.8
23rd Anniversary of In Service Date	65.7	63.1		2,570.4
24th Anniversary of In Service Date	66.8	64.2		2,614.5
25th Anniversary of In Service Date	66.8	64.2		2,614.5

LINE CONNECTION REVENUE REQUIREMENTS
AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES

Annual Period Ending On:	New Load** (MW)	Part of New Load (MW) Exceeding Normal Capacity of Existing Load Facilities [A] (Note A)	Adjusted Load Forecast (MW) [B]	Line Connection Revenue (k$) for True-Up based on [A] or [B], whichever is applicable
1st Anniversary of In Service Date	17.1	14.5	0.4	5.2
2nd Anniversary of In Service Date	21.3	18.7	0.6	6.7
3rd Anniversary of In Service Date	23.0	20.4	0.6	7.3
4th Anniversary of In Service Date	25.0	22.4	0.7	8.1
5th Anniversary of In Service Date	26.8	24.2	0.7	8.7
6th Anniversary of In Service Date	28.6	26.0	0.8	9.4
7th Anniversary of In Service Date	30.6	28.0	0.8	10.1
8th Anniversary of In Service Date	33.3	30.7	0.9	11.1
9th Anniversary of In Service Date	36.0	33.4	1.0	12.0
10th Anniversary of In Service Date	38.2	35.7	1.1	12.8
11th Anniversary of In Service Date	40.7	38.1	1.1	13.7
12th Anniversary of In Service Date	43.3	40.7	1.2	14.6
13th Anniversary of In Service Date	45.9	43.3	1.3	15.6
14th Anniversary of In Service Date	48.9	46.3	1.4	16.7
15th Anniversary of In Service Date	51.8	49.2	1.5	17.7
16th Anniversary of In Service Date	54.6	52.1	1.6	18.7
17th Anniversary of In Service Date	57.4	54.8	1.6	19.7
18th Anniversary of In Service Date	60.0	57.4	1.7	20.7
19th Anniversary of In Service Date	62.0	59.4	1.8	21.4
20th Anniversary of In Service Date	63.0	60.4	1.8	21.7
21st Anniversary of In Service Date	63.9	61.3	1.8	22.1
22nd Anniversary of In Service Date	64.8	62.2	1.9	22.4
23rd Anniversary of In Service Date	65.7	63.1	1.9	22.7
24th Anniversary of In Service Date	66.8	64.2	1.9	23.1
25th Anniversary of In Service Date	66.8	64.2	1.9	23.1

NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST
AT THE NEW OR MODIFIED CONNECTION FACILITIES

None

Notes Applicable to All of the Above Revenue Requirements Tables:

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[A] New Load is based on Customer's Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. "Overload" is derived in accordance with Section 11.2.8 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

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Schedule "D": Sample Cost Report

Project Investment No.				
Ready for service date				
Project Title				
Project Description				
Project Management	$			
Real Estate	$			
Engineering	$			
Procurement	$			
Construction	$ (see Note 1)			
Commissioning	$			
Other - Overhead/ Interest	$			
Total Cost K$ (excl. HST)	$			

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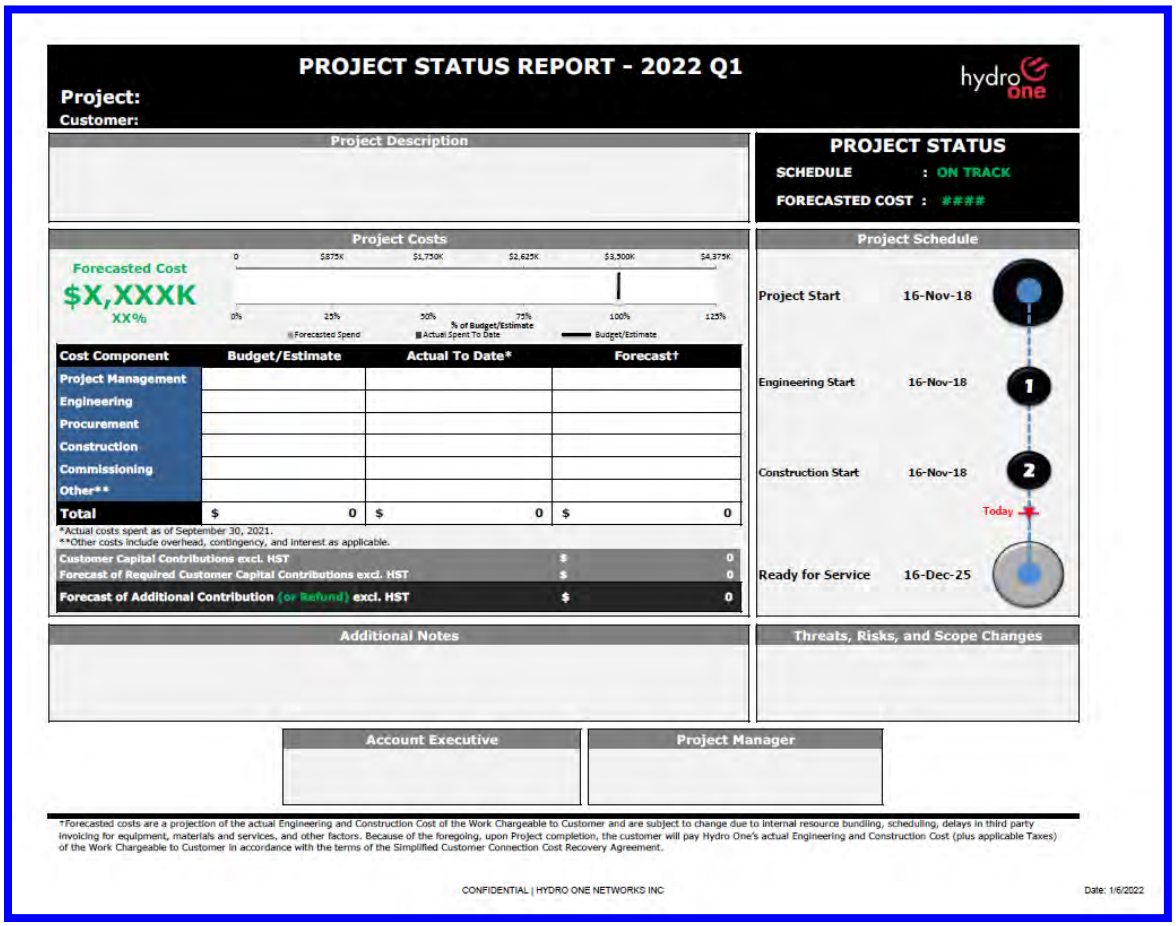
Schedule “M”: Form of Status Report



PROJECT STATUS REPORT - 2022 Q1

Project:
Customer:

Project Description

PROJECT STATUS
SCHEDULE : ON TRACK
FORECASTED COST : ####

Project Costs

Forecasted Cost
$X,XXXK
XX%

Cost Component	Budget/Estimate	Actual To Date*	Forecast†
Project Management			
Engineering			
Procurement			
Construction			
Commissioning			
Other**			
Total	$ 0	$ 0	$ 0

*Actual costs spent as of September 30, 2021.
**Other costs include overhead, contingency, and interest as applicable.

Customer Capital Contributions excl. HST	$ 0
Forecast of Required Customer Capital Contributions excl. HST	$ 0
Forecast of Additional Contribution (or Refund) excl. HST	$ 0

Project Schedule

Additional Notes

Threats, Risks, and Scope Changes

Account Executive

Project Manager

†Forecasted costs are a projection of the actual Engineering and Construction Cost of the Work Chargeable to Customer and are subject to change due to internal resource bundling, scheduling, delays in third party invoicing for equipment, materials and services, and other factors. Because of the foregoing, upon Project completion, the customer will pay Hydro One's actual Engineering and Construction Cost (plus applicable Taxes) of the Work Chargeable to Customer in accordance with the terms of the Simplified Customer Connection Cost Recovery Agreement.

CONFIDENTIAL | HYDRO ONE NETWORKS INC

Date: 1/6/2022

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1. Each party represents and warrants to the other that:

(a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
(b) it has all the necessary corporate power, authority and capacity to enter into the Agreement and to perform its obligations hereunder;
(c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate and/or governmental and/or other organizational action and does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation, a breach or a default under or give rise to termination, greater rights or increased costs, amendment or cancellation or the acceleration of any obligation under (i) its charter or by-law instruments; (ii) any Material contracts or instruments to which it is bound; or (iii) any laws applicable to it;
(d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
(e) the Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
(f) it is registered for purposes of Part IX of the *Excise Tax Act* (Canada). The HST registration number for Hydro One is [redacted] and the HST registration number for the Customer is as specified in Schedule "C" of the Agreement; and
(g) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

Part A: Hydro One Connection Work and Customer Connection Work

2. The Customer and Hydro One shall perform their respective obligations outlined in the Agreement in a manner consistent with Good Utility Practice and the Transmission System Code, in compliance with all Applicable Laws, and using duly qualified and experienced people.

3. The parties acknowledge and agree that:

(a) Hydro One is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Hydro One Connection Work and those required for the construction, Connection and operation of the New or Modified Connection Facilities;

(b) the Customer shall perform the Customer Connection Work, at its own expense;

(c) except as specifically provided in the Agreement, the Customer is responsible for obtaining any and all permits, certificates, reviews and approvals required under any Applicable Laws with respect to the Customer Connection Work and those required for the construction, Connection and operation of the Customer's Facilities including, but not limited to, where applicable, leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*;

(d) the Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities;

(e) in accordance with Hydro One's rights under section 6.1.11 of the Transmission System Code, the Customer shall provide Hydro One with Project data required by Hydro One, including, but not limited to (i) the same technical information that the Customer provided the IESO during any connection assessment and facility registration process associated with the Customer's Facilities in the form outlined in the applicable sections of the IESO's public website and (ii) technical specifications (including electrical drawings) for the Customer's Facilities;

(f) in accordance with section 4.3.3 and 4.3.4 of the Transmission System Code, Hydro One may participate in the commissioning, inspection or testing of the Customer's Connection Facilities at a time that is mutually agreed by Hydro One and the Customer and the Customer shall ensure that the work performed by the Customer and others required for successful commissioning, inspection or testing of protective equipment is completed as required to enable Hydro One witnessing and testing to confirm satisfactory performance of such systems;

(g) unless otherwise provided herein, Hydro One's responsibilities under the Agreement with respect to the Connection of the New or Modified Connection Facilities to Hydro One's transmission system shall be limited to the performance of the Hydro One Connection Work;

(h) Hydro One is not permitted to Connect any

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new, modified or replacement Customer's Facilities unless any required Connection authorizations, certificate of inspection or other applicable approval have been issued or given by the Ontario Electrical Safety Authority in relation to such facilities;

(i) in accordance with section 6.1.11 of the Transmission System Code, Hydro One may require that the Customer provide Hydro One with test certificates certifying that the Customer's Facilities have passed all relevant tests and comply with the Transmission System Code, the Market Rules, Good Utility Practice, the standards of all applicable reliability organizations and any Applicable Laws, including, but not limited to any certificates of inspection that may be required by the Ontario Electrical Safety Authority;

(j) in accordance with section 4.3.2 of the Transmission System Code, Hydro One shall provide the Customer with such technical parameters as may be required to assist the Customer in ensuring that the design of the Customer's Facilities is consistent with the requirements applicable to Hydro One's transmission system and the basic general performance standards for facilities set out in the Transmission System Code, including Appendix 2 thereof; and

(k) if Hydro One requires access to the Customer's Facilities for the purposes of performing the Hydro One Connection Work or the Customer requires access to Hydro One's Facilities for the purposes of the Customer Connection Work, the parties agree that Section 27.13 of the Connection Agreement shall govern such access and is hereby incorporated in its entirety by reference into and forms an integral part of the Agreement. All references to "this Agreement" in Section 27.13 of the Connection Agreement shall be deemed to be a reference to the Agreement;

(l) the Customer shall enter into a Connection Agreement with Hydro One or amend its existing Connection Agreement with Hydro One at least 14 calendar days prior to the Connection;

(m) Hydro One shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Hydro One Connection Work are filed in a timely manner; and

(n) the Customer shall use reasonable efforts to ensure that any applications required to be filed to obtain any permits or approvals required under Applicable Laws for the Customer Connection Work or for the construction, Connection and operation of the Customer's Facilities are filed in a timely manner.

4. The following aspects of the Hydro One Connection Work and Hydro One's rights and requirements hereunder are solely for the purpose of Hydro One ensuring that the Customer Facilities to be connected to Hydro One's transmission system do not materially reduce or adversely affect the reliability of Hydro One's transmission system and do not adversely affect other customers connected to Hydro One's transmission system, Hydro One's:

(a) specifications of the protection equipment on the Customer's side of the Connection Point;
(b) acceptance of power system components on the Customer's side of the Connection Point;
(c) acceptance of the technical specifications (including electrical drawings) for the Customer's Facilities and/or the Customer Connection Work; and
(d) participation in the commissioning, inspection or testing of the Customer's Facilities.

The Customer is responsible for installing equipment and facilities such as protection and control equipment to protect its own property, including, but not limited to the Customer's Facilities.

5. Hydro One shall use reasonable efforts to complete the Hydro One Connection Work by the Ready for Service Date specified in Schedule "A" provided that:

(a) the Customer is in compliance with its obligations under the Agreement;
(b) any work required to be performed by third parties has been performed in a timely manner and in a manner to the satisfaction of Hydro One, acting reasonably;
(c) there are no delays resulting from Hydro One not being able to obtain outages from the IESO required for any portion of the Hydro One Connection Work or from the IESO making changes to the Hydro One Connection Work or the scheduling of all or a portion of the Hydro One Connection Work;
(d) Hydro One does not have to use its employees, agents and contractors performing the Hydro One Connection Work or the Network Pool Work elsewhere on its transmission system or distribution system due to an Emergency (as

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that term is defined in the *Transmission System Code*) or a Force Majeure Event;

(e) Hydro One is able to obtain the materials and labour required to perform the Hydro One Connection Work with the expenditure of Premium Costs where required;

(f) where Hydro One needs to obtain leave to construct pursuant to Section 92 of the *Ontario Energy Board Act, 1998*, such leave is obtained on or before the date specified as the Approval Date in Schedule "A" of the Agreement;

(g) Hydro One has received or obtained prior to the dates upon which Hydro One requires any or one or more of the following under Applicable Laws to perform all or any part of the Hydro One Connection Work:
   (i) environmental approvals, permits or certificates;
   (ii) land use permits from the Crown; and
   (iii) building permits and site plan approvals;

(h) Hydro One is able, using reasonable efforts, to obtain all Land Rights to be obtained for the Project (as identified in Schedule "A" and/or "B" of the Agreement) on terms substantially similar to the forms of the Land Rights attached as schedules to and forming part of the Agreement, prior to the dates upon which Hydro One needs to commence construction of the Hydro One Connection Work in order to meet the Ready for Service Date;

(i) there are no delays resulting from Hydro One being unable to obtain materials or equipment required from suppliers in time to meet the project schedule for any portion of the Hydro One Connection Work provided that such delays are beyond the reasonable control Hydro One; and

(j) the Customer executed the Agreement on or before the date specified as the Execution Date.

The Customer acknowledges and agrees that the Ready for Service Date may be materially affected by difficulties with obtaining or the inability to obtain all necessary land rights and/or environmental approvals, permits or certificates.

6. Upon completion of the Hydro One Connection Work:

(a) Hydro One shall own, operate and maintain all equipment specified in Schedule "A" of the Agreement under the heading "Ownership"; and

(b) other than equipment referred to in (a) above that shall be owned, operated and maintained by Hydro One, all other equipment provided by Hydro One as part of the Hydro One Connection Work or provided by the Customer as part of the Customer Connection Work shall be owned, operated and maintained by the Customer.

The Customer acknowledges that:

(i) ownership and title to the equipment referred to in (a) above shall throughout the Term and thereafter remain vested in Hydro One and the Customer shall have no right of property therein; and

(ii) any portion of the equipment referred to in (a) above that is located on the Customer's property shall be and remain the property of Hydro One and shall not be or become fixtures and/or part of the Customer's property.

7. The Customer acknowledges and agrees that Hydro One is not responsible for the provision of power system components on the Customer's Facilities, including, without limitation, all transformation, switching, metering and auxiliary equipment such as protection and control equipment.

All of the power system components on the Customer's side of the Connection Point including, without limitation, all transformation, switching and auxiliary equipment such as protection and control equipment shall be subject to the acceptance of Hydro One with regard to Hydro One's requirements to permit Connection of the New or Modified Connection Facilities to Hydro One's transmission system, and shall be installed, maintained and operated in accordance with all Applicable Laws, codes and standards, including, but not limited to, the *Transmission System Code*, at the expense of the Customer.

8. Where Hydro One has equipment for automatic reclosing of circuit breakers after an interruption for the purpose of improving the continuity of supply, it shall be the obligation of the Customer to provide adequate protective equipment for the Customer's facilities that might be adversely affected by the operation of such reclosing equipment. The Customer shall provide such equipment as may be required from time to time by Hydro One for the prompt disconnection of any of the Customer's apparatus that might affect the proper functioning of Hydro One's reclosing equipment.

9. The Customer shall provide Hydro One with

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copies of the documentation specified in Schedule "B" of the Agreement under the heading "Documentation Required", acceptable to Hydro One, within 120 calendar days after the Ready for Service Date. The Customer shall ensure that Hydro One may retain this documentation for Hydro One's ongoing planning, system design, and operating review. The Customer shall also maintain and revise such documentation to reflect changes to the Customer's Facilities and provide copies to Hydro One on demand and as specified in the Connection Agreement.

Part B: Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work

10.1 To the extent that the Pool Funded Cost of the Hydro One Connection Work is not recoverable by Transformation Connection Revenue for the Transformation Connection Pool Work and/or Line Connection Revenue for the Line Connection Pool Work and/or Network Revenue for the Network Customer Allocated Work during the Economic Evaluation Period, the Customer agrees to pay Hydro One a Capital Contribution towards the Pool Funded Cost of the Transformation Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Line Connection Pool Work and/or a Capital Contribution towards the Pool Funded Cost of the Network Customer Allocated Work and any amounts payable to Hydro One under Subsection 12 (a) (i) hereof.

An estimate of the Engineering and Construction Cost (not including Taxes) of the Transformation Connection Pool Work and/or Line Connection Pool Work and/or Network Customer Allocated Work is provided in Schedule "C" of the Agreement.

An estimate of the Capital Contribution for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work is specified in Schedule "C" of the Agreement (plus Taxes). The Customer shall pay Hydro One the estimated Capital Contribution(s) in the manner specified in Schedule "C" of the Agreement.

Within 180 calendar days after the Ready for Service Date, Hydro One shall provide the Customer with a cost breakdown substantially in the form of the cost breakdown shown in the form of Monthly Cost Report attached to Agreement as Schedule "D" together with a new Schedule "C" to replace Schedule "C" of the Agreement attached hereto which shall identify the following:

(a) the actual Engineering and Construction Cost of the Transformation Connection Pool Work;
(b) the actual Engineering and Construction Cost of the Line Connection Pool Work;
(c) the actual Engineering and Construction Cost of the Network Customer Allocated Work;
(d) the actual Engineering and Construction Cost of the Work Chargeable to Customer;
(e) the actual Capital Contribution required to be paid by the Customer for each of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work; and
(f) the revised Transformation Connection Revenue and/or Line Connection Revenue requirements and/or Network Revenue requirements based on the Load Forecast or the Adjusted Load Forecast, whichever is applicable.

The new Schedule "C" shall be made a part hereof as though it had been originally incorporated into the Agreement.

If an estimate of a Capital Contribution paid by the Customer exceeds the actual Capital Contribution required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, Hydro One shall refund the difference to the Customer (plus Taxes) within 30 days following the issuing of the new Schedule "C". If the estimate of a Capital Contribution paid by the Customer is less than the actual Capital Contribution required to be paid by the Customer for any or all of the Transformation Connection Pool Work, the Line Connection Pool Work and the Network Customer Allocated Work, the Customer shall pay Hydro One the difference (plus Taxes) within 30 days following the issuing of the new Schedule "C".

10.2 Hydro One shall not include the following amounts in the Capital Contributions referenced in Section 10.1, any capital contribution for:

(a) a Connection Facility that was otherwise planned by Hydro One except for advancement costs; or
(b) capacity added to a Connection Facility in anticipation of future load growth not attributable to the Customer.

10.3 Should Hydro One require the Customer to make a Capital Contribution towards Network Pool

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Work, Hydro One shall not, without the prior written consent of the Customer, refuse to commence or diligently perform the Network Pool Work pending direction from the OEB under section 6.3.5 of the *Transmission System Code* provided that the Customer provides Hydro One with a security deposit in accordance with Section 20 of these Standard Terms and Conditions.

Until such time as Hydro One has actually begun to perform the Network Pool Work, the Customer may request, in writing, that Hydro One not perform the Network Pool Work and Hydro One shall promptly return to the Customer any outstanding security deposit related to the Network Pool Work.

10.4 If the Customer has made a Capital Contribution under Section 10.1 hereof for the construction or modification of a Hydro One-owned Connection Facility other than an enabler facility and where this Capital Contribution includes the cost of capacity on the Connection Facility in excess of the Customer's needs, Hydro One shall provide the Customer with a refund, calculated in accordance with Section 6.3.17A of the *Transmission System Code* if that capacity is assigned to another Load Customer within fifteen (15) years of the In Service Date of the Connection Facility.

11. Hydro One shall perform a True-Up, based on Actual Load:

(a) at the True-Up Points specified in Schedule "C" of the Agreement; and
(b) the time of disconnection where the Customer voluntarily and permanently disconnects the Customer's Facilities from Hydro One's transmission facilities and the prior to the final True-Up Point identified in (a) above.

For True-Up purposes, if the Customer does not pay a Capital Contribution, Hydro One shall provide the Customer with an Adjusted Load Forecast.

Hydro One shall perform True-Ups in a timely manner. Within 30 calendar days following completion of each of the True-Ups referred to in 11(a), Hydro One shall provide the Customer with the results of the True-Up.

12(a) If the result of a True-Up performed in accordance with Section 11 above is that the Actual Load and Updated Load Forecast is:

(i) less than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore does not generate the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, the Customer shall pay Hydro One an amount equal to the shortfall adjusted to reflect the time value of money within 30 days after the date of Hydro One's invoice therefor; and

(ii) more than the load in the Load Forecast or the Adjusted Load Forecast, whichever is applicable, and therefore generates more than the forecasted Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue required for the Economic Evaluation Period, Hydro One shall post the excess Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue as a credit to the Customer in a notional account. Hydro One shall apply this credit against any shortfall in subsequent True-Up calculations. Where the Customer paid a Capital Contribution in accordance with Section 10.1 hereof, Hydro One shall rebate the Customer an amount that is the lesser of the credit balance in the notional account adjusted to reflect the time value of money, and the Capital Contribution adjusted to reflect the time value of money by no later than 30 days following the final True-Up calculation.

12(b) All adjustments to reflect the time value of money to be performed under Subsection 12(a) above shall be performed in accordance with the OEB-Approved Connection Procedures. As of the date of this Agreement, the time value of money is determined using Hydro One's after-tax cost of capital as used in the original economic evaluation performed in accordance with the requirements of the *Transmission System Code.*

13.1 With respect to the installation of embedded generation (as determined in accordance with Section 11.1 of the *Transmission System Code)* during the applicable True-Up period Hydro One shall comply with the requirements of Section 6.5.8 of the *Transmission System Code* when carrying out True-Up calculations if the Customer is a Distributor or the requirements of Section 6.5.9 of the Transmission System Code when carrying out True-Up calculations if the Customer is a Load Customer other than a Distributor.

13.2 With respect to energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-

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Up period Hydro One shall comply with the requirements of Section 6.5.10 of the *Transmission System Code* when carrying out True-Up calculations provided that the Customer demonstrates to the reasonable satisfaction of Hydro One (such as by means of an energy study or audit) that the amount of any reduction in the Customer's load has resulted from energy conservation, energy efficiency, load management or renewable energy activities that occurred during the applicable True-Up period.

14. Hydro One shall provide the Customer with all information pertaining to the calculation of all Engineering and Construction Costs, Capital Contributions and True-Ups that the Customer is entitled to receive in accordance with the requirements of the *Transmission System Code*.

Part C: Work Chargeable to Customer, Network Pool Work and Premium Costs

15.1 The Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Hydro One Connection Work described as Work Chargeable to Customer in Schedule "A" of the Agreement which is estimated to be the amounts specified in Schedule "C" of the Agreement in the manner specified in Schedule "C" of the Agreement.

Hydro One shall identify the actual Engineering and Construction Cost of the Work Chargeable to Customer in the revised Schedule "B" provided to the Customer in accordance with Section 10.1 of this Agreement. Any difference between the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes) and the amount already paid by the Customer shall be paid within 30 days after the issuance of the revised Schedule "B" by:

(a) Hydro One to the Customer, if the amount already paid by the Customer exceeds the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes); or
(b) the Customer to Hydro One, if the amount already paid by the Customer is less than the Engineering and Construction Cost of the Work Chargeable to Customer (plus Taxes).

15.2 Subject to Sections 10.3 and 18 hereof, Hydro One shall perform the Hydro One Connection Work described as Network Pool Work in Part 3 of Schedule "A" of the Agreement at Hydro One's sole expense.

16. As the Project is schedule-driven and as the estimated costs specified in Schedule "B" of the Agreement are based upon normal timelines for delivery of material and performance of work, in addition to the amounts that the Customer is required to pay pursuant to Section 10.1 and 15.1 above, the Customer agrees to pay Hydro One's Premium Costs if the Customer causes or contributes to any delays, including, but not limited to, the Customer failing to execute the Agreement by the Execution Date specified in Schedule "A" of the Agreement.

Hydro One shall obtain the Customer's approval prior to Hydro One authorizing the purchase of materials or the performance of work that attracts Premium Costs. The Customer acknowledges that its failure to approve an expenditure of Premium Costs may result in further delays and Hydro One shall not be liable to the Customer as a result thereof. Hydro One shall invoice the Customer for expenditures of Premium Costs approved by the Customer within 180 calendar days after the Ready for Service Date.

Part D: Right of Customer to By-Pass Existing Load Facilities

17.1 **Obligation to Notify Hydro One of Customer's Intent to Bypass an Existing Load Facility:** If the Customer chooses to exercise its rights under the *Transmission System Code* and the Agreement to bypass the Existing Load Facility, the Customer shall notify Hydro One, in writing, in accordance with the requirements of Schedule J of the Connection Agreement prior to transferring load from the Existing Load Facility. Upon receiving the notice, Hydro One will proceed in accordance with Section 11.2.2 of the Transmission System Code and the applicable terms of the Connection Agreement.

17.2 **Hydro One has not received a Notice of Customer Intent to Bypass an Existing Load Facility and Customer has Transferred Existing Load:** Where Hydro One determines that the Customer has transferred load from the Existing Load Facility without notifying Hydro One in accordance with the requirements of Schedule J of the Connection Agreement, Hydro One will notify the Customer, all other load customers served by the connection facility and the OEB of a potential by-pass situation in accordance with the OEB-Approved Connection Procedures and its obligations in Section 11.2.2 of the Code and the applicable terms of the Connection Agreement. If the Customer does not intend to by-pass the Existing

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Load Facility, the Customer must, in accordance with the OEB-Approved Connection Procedures:

(a) notify Hydro One and the OEB within 30 days of receiving Hydro One's notification of potential by-pass, that it has no intention of by-passing Hydro One's Existing Load Facility;
(b) transfer the load back to the Existing Load Facility within an agreed time period; and
(c) compensate Hydro One for the lost revenues.

17.3 The Customer agrees that Sections 17.1 and 17.2 above shall also be terms of the Connection Agreement.

Part E: Cancellation or Termination of Project and Early Termination of Agreement for Breach

18. Notwithstanding any other term of the Agreement, if at any time prior to the In-Service Date, the Project is cancelled or the Agreement is terminated for any reason whatsoever other than breach of the Agreement by Hydro One, the Customer shall pay Hydro One's Engineering and Construction Cost (plus Taxes) of the Line Connection Pool Work, the Transformation Connection Pool Work, the Network Pool Work, the Network Customer Allocated Work and the Work Chargeable to Customer incurred on and prior to the date that the Project is cancelled or the Agreement is terminated, including the preliminary design costs and all costs associated with the winding up of the Project, including, but not limited to, storage costs, vendor cancellation costs, facility removal expenses and any environmental remediation costs (the "**Cancellation/ Termination Costs**").

If the Customer provides written notice to Hydro One that it is cancelling the Project, Hydro One shall have 10 Business Days to provide written notice to the Customer listing the individual items listed as materials which it agrees to purchase. Hydro One shall deduct the actual cost of those individual items of materials being purchased by Hydro One from the Engineering and Construction Costs referred to above.

If Hydro One does not require all or part of the materials, the Customer may exercise any of the following options or a combination thereof:

(a) where materials have been ordered but all or part of the materials have not been received by Hydro One, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to continue with the purchase of the materials and transfer title to those materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation; or

(b) where all or part of the materials have been received by Hydro One but have not been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to transfer title to the materials on an "as is, where is basis" to the Customer upon the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes) provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any warehousing costs associated with the storage of the materials to the date of transfer; or

(c) where all or part of the materials have been received by Hydro One and have been installed, the Customer shall have the right to require Hydro One, at the Customer's sole expense, to: transfer title to the materials on an "as is, where is basis" to the Customer upon the later of (A) the Customer paying Hydro One's Engineering and Construction Costs (plus Taxes); and (B) the date that Hydro One removes the materials from its property at the risk of the Customer; provided that the Customer exercises this option within 15 Business Days of the termination or cancellation. The Customer shall also be responsible for any Engineering and Construction Costs (plus Taxes) associated with the removal of the materials that have been installed by Hydro One.

Hydro One shall provide the Customer with an invoice for the Cancellation/Termination Costs payable under this Section 18 together with a cost breakdown of the Termination/Cancellation Costs substantially in the form of the cost breakdown shown in the form of Monthly Cost Report attached to the Agreement as Schedule "D".

Part F: Sale, Lease, Transfer or Other Disposition of Customer's Facilities

19. In the event that the Customer sells, leases or otherwise transfers or disposes of the Customer's Facilities to a third party during the Term of the Agreement, the Customer shall cause the purchaser, lessee or other third party to whom the Customer's Facilities are transferred or disposed to enter into an

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assumption agreement with Hydro One to assume all of the Customer's obligations in the Agreement; and notwithstanding such assumption agreement unless Hydro One agrees otherwise, in writing, the Customer shall remain obligated under Sections 10.1 12, 15.1 and 16 hereof. The Customer further acknowledges and agrees that in the event that all or a portion of the Customer's Facilities are shut down, abandoned or vacated for any period of time during the Term of the Agreement, the Customer shall remain obligated under Sections 10.1, 12, 15.1 and 16 for the said time period.

Part G: Security Requirements

20. If Hydro One requires that the Customer furnish security, which at the Customer's option may be in the form of cash (by way of a certified cheque, bank draft or wire transfer), a Letter of Credit in a form acceptable to Hydro One or a Surety Bond in a form acceptable to Hydro One, the Customer shall furnish such security in the amount and by the dates specified in Schedule "C" of the Agreement.

A Security Deposit provided in the form of a letter of credit or a surety bond shall not expire prior to the Security Date specified in Schedule "C." If a letter of credit or surety bond has an earlier expiry date, Hydro One may draw down on the letter of credit or surety bond not more than 60 days prior to the expiry date and treat the amount drawn as a cash deposit.

Hydro One shall return the security deposit to the Customer as follows:

(a) security deposits in the form of cash shall be returned to the Customer, together with Interest, less the amount of any Capital Contribution owed by the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities; and

(b) security deposits in any other form shall be returned to the Customer once the Customer's Facilities are connected to Hydro One's New or Modified Connection Facilities and any Capital Contribution has been paid under Section 10.1 hereof.

Notwithstanding the foregoing, Hydro One may keep all or a part of the security deposit: (a) where and to the extent that the Customer fails to pay any amount due under the Agreement within the time stipulated for payment; or (b) in the circumstances described in the OEB-Approved Connection Procedures.

Part H: Disputes

21. All disputes, including, but not limited to, disputes related to:

(a) the cost and the allocation of the costs under this Agreement;
(b) the cost and the allocation of costs of the Hydro One Connection Work and notwithstanding Hydro One's decision not to allocate or to allocate any part of the costs of this work to the Customer at this time; or
(c) any other costs and the allocation of any other costs associated with, related to, or arising out of the connection of the Project to Hydro One's transmission system or Hydro One's policies in respect of connections generally,

shall be dealt with in accordance with the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

22. In accordance with Section 12.1.3 of the Transmission System Code, if a dispute arises while a transmitter is New or Modified Connection Facilities, the transmitter shall not cease work or slow the pace of work without leave of the Board.

23. Hydro One shall refund to the Customer or the Customer shall pay to Hydro One any portion of Capital Contributions, as the case may be, which the OEB subsequently determines should not have been allocated to the Customer or should have been allocated to the Customer by Hydro One but were not, as the case may be, or should have been allocated in a manner different from that allocated by Hydro One in this Agreement. This obligation shall survive the termination of this Agreement.

Part I: Land Rights

24. Any Land Rights required by Hydro One for the Hydro One Connection Work are identified in Schedule "A" of the Agreement (if the Land Rights are to be obtained from third parties) and specified in Schedule "B" of the Agreement (where Hydro One requires Land Rights from the Customer). The acquisition of Land Rights includes acquiring the Land Rights and any approvals related thereto (e.g. municipal consents for access and access or entry permits).

With respect to the acquisition of Land Rights, including, the addition of lands to Hydro One's Provincial Master Land Use Permit, the Engineering and Construction Cost of same includes, but is not limited to, the purchase (price),

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easements/lease/licence costs along with any associated costs such as the cost of performing appraisals, surveys, submitting applications, licence and review fees, legal and land disbursement closing costs and the cost of any special studies that might arise in the calculation of compensation in respect of the land rights (i.e. aggregate).

The Customer acknowledges and agrees that Hydro One shall only compensate third parties for Land Rights on commercially reasonable terms that are consistent with Hydro One's land acquisition policies.

If specified in Schedule "B" that the Customer is required to provide Hydro One with the Land Rights described in Schedule "B" of the Agreement, the Customer shall provide such Land Rights in accordance with the requirements of Schedule "B" including, without limitation, by the dates specified therein and such Land Rights shall be first in priority except as noted therein, in registerable form and provided to Hydro One with nominal consideration.

Part J: Events of Default

25. Each of the following events shall constitute an "Event of Default" under the Agreement:

(a) failure by the Customer to pay any amount due under the Agreement, including any amount payable pursuant to Sections 10.1, 12, 15.1, 16 or 18 within the time stipulated for payment;

(b) breach by the Customer or Hydro One of any Material term, condition or covenant of the Agreement; or

(c) the making of an order or resolution for the winding up of the Customer or Hydro One or of their respective operations or the occurrence of any other dissolution, bankruptcy or reorganization or liquidation proceeding instituted by or against the Customer or Hydro One.

For greater certainty, a dispute shall not be considered an Event of Default under this Agreement. However, a Party's failure to comply, within a reasonable period of time, with the terms of a determination of such a dispute by the OEB or with a decision of a court of competent jurisdiction with respect to a determination made by the OEB shall be considered an Event of Default under the Agreement.

26. Upon the occurrence of an Event of Default by the Customer hereunder (other than those specified in Section 25(c) of the Agreement, for which no notice is required to be given by Hydro One), Hydro One shall give the Customer written notice of the Event of Default and allow the Customer 30 calendar days from the date of receipt of the notice to rectify the Event of Default, at the Customer's sole expense. If such Event of Default is not cured to Hydro One's reasonable satisfaction within the 30 calendar day period, Hydro One may, in its sole discretion, exercise the following remedy in addition to any remedies that may be available to Hydro One under the terms of the Agreement, at common law or in equity: deem the Agreement to be repudiated and, after giving the Customer at least 10 calendar days' prior written notice thereof, recover, as liquidated damages and not as a penalty, the following:

(a) the sum of the amounts payable by the Customer pursuant to Sections 10.1, 12, 15.1 and where applicable, Section 16 less any amounts already paid by the Customer in accordance with Section 10.1, 12, 15.1 and 16 if this clause is invoked after the In-Service Date; or

(b) the amounts payable under Section 16 and 18 less any amounts already paid by the Customer in accordance with Sections 10.1, 15.1 and 16 if this clause is invoked prior to the In-Service Date.

27. Upon the occurrence of an Event of Default by Hydro One hereunder (other than those specified in Section 25(c), the Customer shall give Hydro One written notice of the Event of Default and shall allow Hydro One 30 calendar days from the date of receipt of the notice to rectify the Event of Default at Hydro One's sole expense. If such Event of Default is not cured to the Customer's reasonable satisfaction within the 30 calendar day period, the Customer may pursue any remedies available to it at law or in equity, including at its option the termination of the Agreement.

28. All rights and remedies of Hydro One and the Customer provided herein are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to Hydro One and the Customer respectively at law or in equity, and any one or more of Hydro One's and the Customer's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy Hydro One or the Customer may have or may not have exercised. The parties further agree that where any

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of the remedies provided for and elected by the non-defaulting party are found to be unenforceable, the non-defaulting party shall not be precluded from exercising any other right or remedy available to it at law or in equity.

Part K: Changes to Transmission Rates

29. In the event that the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate is rescinded or the methodology of determination or components is materially changed, the parties agree to negotiate a new mechanism for the purposes of the Agreement, provided that such new mechanism will not result in an increase in the amounts of Capital Contribution or Security Deposits payable by the Customer to Hydro One hereunder. The parties shall have 90 calendar days from the effective date of rescission or fundamental change of the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate to agree to a new mechanism that is, to the extent possible, fair to the parties and constitutes a reasonably comparable replacement for the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate. If the parties are unable to successfully negotiate a replacement within that 90 calendar day period, this shall be considered a dispute under the terms of this Agreement and the parties shall follow the dispute resolution procedure set out in the OEB-Approved Connection Procedures.

Any settlement on a new mechanism pursuant to this Section 29 shall apply retroactively from the date on which the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate was rescinded or fundamentally changed. Until such time as a new mechanism is determined hereunder, any amounts to be paid by the Customer under the Agreement shall be based on the Transformation Connection Service Rate, the Line Connection Service Rate or the Network Service Rate in effect prior to the effective date of any such changes.

Part L: Incorporation of Liability and Force Majeure Provisions

30. PART III: LIABILITY AND FORCE MAJEURE (with the exception of Section 15.5 thereof) and Sections 1.1.12 and 1.1.17 of the Connection Agreement are hereby incorporated in their entirety by reference into and form an integral part of the Agreement. Unless the context otherwise requires, all references in PART III: LIABILITY AND FORCE MAJEURE TO "this Agreement" shall be deemed to be a reference to the Agreement and all references to "the Transmitter" shall be deemed to be a reference to Hydro One.

For the purposes of this Section 30, the parties agree that the references in PART III: LIABILITY AND FORCE MAJEURE to:

(a) the Transmitter in lines 3 and 4 of Section 15.1 of the Connection Agreement means the Transmitter or any party acting on behalf of the Transmitter such as contractors, subcontractors, suppliers, employees and agents; and

(b) the Customer in lines 3 and 4 of Section 15.2 of the Connection Agreement means the Customer or any party acting on behalf of the Customer such as contractors, subcontractors, suppliers, employees and agents.

Part M:General

31. This Agreement is subject to the *Transmission System Code* and the OEB-Approved Connection Procedures. If any provision of this Agreement is inconsistent with the:

(a) *Transmission System Code,* the said provision shall be deemed to be amended so as to comply with the *Transmission System Code;*
(b) OEB-Approved Connection Procedures the said provision shall be deemed to be amended so as to comply with the OEB-Approved Connection Procedures; and
(c) Connection Agreement made between the parties, associated with the new customer connection facilities, on the same subject matter, the Connection Agreement governs.

32. The failure of a party hereto to enforce at any time any of the provisions of the Agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provision or any other provision nor in any way affect the validity of the Agreement or any part hereof or the right of either party to enforce thereafter each and every provision and to exercise any right or option. The waiver of any breach of the Agreement shall not be held to be a waiver of any other or subsequent breach. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party against whom such waiver is sought to be enforced which expressly waives a right or rights or an option or options under the Agreement.

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33. In the Agreement:

- Words importing the singular include the plural and vice versa.
- Words importing a gender include any gender.
- Words importing a person include (i) an individual, (ii) a company, sole proprietorship, partnership, trust, joint venture, association, corporation or other private or public body corporate; and (iii) any government, government agency or body, regulatory agency or body or other body politic or collegiate.
- A reference to a person includes that person's successors and permitted assigns. A reference to a body, whether statutory or not, that ceases to exist or whose functions are transferred to another body is a reference to the body that replaces it or that substantially succeeds to its powers or functions.
- Where a word or phrase is defined in the Agreement, these Standard Terms and Conditions, the Transmission System Code, the *Ontario Energy Board Act*, *1998* or the *Electricity Act*, *1998*, other parts of speech and grammatical forms of the word or phrase have a corresponding meaning.
- A reference to a document (including a statutory instrument) or a provision of a document includes any amendment or supplement to, or any replacement of, that document or that provision.
- The expression "including" means including.

34. Other than as specifically provided in the Agreement, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

35. The Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein.

36. Invoiced amounts are due 30 days after invoice issuance. All overdue amounts including, but not limited to amounts that are not invoiced but required under the terms of this Agreement to be paid in a specified time period, shall bear interest at 1.5% per month compounded monthly (19.56 percent per year) for the time they remain unpaid.

37. The obligation to pay any amount due hereunder, including, but not limited to, any amounts due under Sections 10.1, 12, 15.1, 16, 18 or 23 shall survive the termination of the Agreement.

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Appendix "A": Definitions

In the Agreement, unless the context otherwise requires, terms which appear therein without definition, shall have the meanings respectively ascribed thereto in the *Transmission System Code* (some of which refer to definitions in the *Electricity Act, 1998* or the *Ontario Energy Board Act, 1998)* and unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

"Actual Load" means the actual load delivered by Hydro One to the Customer up to the True-Up Point in excess of the Normal Capacity of the Existing Load Facilities.

"Assigned Capacity" is calculated in accordance with Section 6.2.2 of the *Transmission System* Code.

"Adjusted Load Forecast" means a Load Forecast that has been adjusted to the point where the present value of the Transformation Connection Revenue and/or Line Connection Revenue and/or Network Revenue equals the present value of the Pool Funded Cost of the Transformation Connection Pool Work and/or the Pool Funded Cost of the Line Connection Pool Work and/or the Pool Funded Cost of the Network Customer Allocated Work.

"Agreement" means the Connection Cost Recovery Agreement, the Schedules attached thereto, these Standard Terms and Conditions and where applicable (as indicated in the Connection Cost Recovery Agreement), the Contestable Work Terms and Conditions.

"Applicable Laws" means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or government department, commission board, court authority or agency.

"Approval Date" means for the purpose of Subsection 5(f) of these Terms and Conditions, the date specified in Schedule "A" of the Agreement.

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Capital Contribution" means a capital contribution calculated using the economic evaluation methodology set out in the *Transmission System Code.*

"Connect and Connection" has the same meaning ascribed to the term "Connect" in the *Transmission System Code.*

"Connection Agreement" means the form of connection agreement appended to the *Transmission System Code* as Appendix 1, Version 1.

"Connection Facilities" has the meaning set forth in the *Transmission System Code.*

"Connection Point" has the meaning set forth in the *Transmission System Code* and for this project, is as specified in Schedule "A" of the Agreement.

"Contestable Work Terms" means the Terms and Conditions for Contestable Work July 2021 including Attachment 1 and Attachment 2 attached thereto.

"Customer Connection Work" means the work to be performed by the Customer, at its sole expense, which is described in Schedule "B" of the Agreement.

"Customer Connection Risk Classification" is as specified in Schedule "C" of the Agreement.

"**Customer's Facilities**" has the meaning set forth in the Transmission System Code, and includes, but is not limited to any new, modified or replaced Customer's Facilities.

"Customer's Property(ies)" means any lands owned by the Customer in fee simple or where the Customer has easement rights.

"Distributor" has the meaning set forth in the *Transmission System Code.*

"Economic Evaluation Period" means the period of five (5) years for high risk connection, ten (10) years for a medium-high risk connection, fifteen (15) years for a medium-low risk connection and twenty-five years for a low risk connection commencing on the In Service Date whichever is applicable to the Customer as specified in Schedule "C" of the Agreement.

"Engineering and Construction Cost" means Hydro One's charge for equipment, labour and materials at Hydro One's standard rates plus Hydro One's standard overheads as well as interest during construction using Hydro One's capitalization rate in

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effect during the construction period.

"*Electricity Act*, 1998" means the *Electricity Act, 1998* being Schedule "A" of the *Energy Competition Act*, S.O. *1998*, c.15, as amended.

"Existing Load" in relation to the Customer and each of the Existing Load Facilities is equal to the Customer's Assigned Capacity at each of the Existing Load Facilities on the date of this Agreement.

"Existing Load Facility(ies)" means the connection facility(ies) owned by Hydro One as specified in the Existing Load Table in Schedule "C" of the Agreement where the Customer has Existing Load.

"Force Majeure Event" has the meaning ascribed thereto in the Connection Agreement.

"**HST**" means the Harmonized Sales Tax.

"Hydro One Connection Work" means the work to be performed by Hydro One, which is described in Schedule "A" of the Agreement.

"Hydro One Facilities" means Hydro One's structures, lines, transformers, breakers, disconnect switches, buses, voltage/current transformers, protection systems, telecommunication systems, cables and any other auxiliary equipment used for the purpose of transmitting electricity.

"Hydro One's Property(ies)" means any lands owned by Hydro One in fee simple or where Hydro One now or hereafter has obtained easement rights.

"IESO" means the Independent Electricity System Operator continued under the *Electricity Act, 1998*.

"In Service Date" has the same meaning ascribed to the term "comes into service" in the *Transmission System Code*.

"Incremental Network Load" means the Customer's New Load less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One's connection facilities.

"Interest" means the interest rates specified by the OEB to be applicable to security deposits in the form of cash as specified in Subsection 6.3.11(b) in the *Transmission System Code*.

"Land Rights" means any one or more of the following real estate rights/land agreements and any approvals required by Hydro One related thereto (e.g. municipal consents for access and access or entry permits) that are required for all or any part of the Hydro One Connection Work:

(i) a grant(s) of easement in gross substantially in the form of the Grant of Easement in Gross attached to the Agreement as Schedule "E" from the registered owner(s) of the Easement in Gross Lands for the Easement in Gross Term to be obtained by the date specified as the Easement in Gross Date, with the Easement in Gross Lands, Easement in Gross Term and the Easement in Gross Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;

(ii) an access easement substantially in the form of the Access Easement attached to the Agreement as Schedule "F" from the registered owner(s) of the Access Easement Lands for the Access Easement Term to be obtained by the date specified as the Access Easement Date, with the Access Easement Lands, Access Easement Term and the Access Easement Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable. All municipal consent(s) and approvals for any access road easements required by Hydro One for all or any part of the Hydro One Connection Work must also be obtained by the Access Easement Date;

(iii) an easement is required for an access road for a term beyond 21 years, as an access road easement for a term beyond 21 years may be viewed as not being exempt use by a utility with specific reference to s. 50(3) of the Planning Act (the "**Act**") as the Act mentions a distribution line, transmission line etc. but with no reference to an access road and some municipalities however have viewed this differently and consider an access as ancillary and part of what is described in s. 50(3) of the Act and therefore is exempt from the municipal consent process, in such a case, Hydro One will need to either (a) secure municipal consent for the access road or (b) obtain a letter from the municipality stating that the access easement, beyond 21 years is for Hydro One and that the municipality considers access as part of the works described in the Act and therefore is not subject to the consent process;

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(iv) early access agreement is required substantially in the form of the Early Access Agreement attached to the Agreement as Schedule "G" from the registered owner(s) of the Early Access Lands to be obtained by the date specified as the "Early Access Execution Date" with the Early Access Lands and the Early Access Execution Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;

(v) an Off-Corridor Access Agreement is required substantially in the form of the Off-Corridor Access Agreement attached to the Agreement as Schedule "H" from the registered owner(s) of the Off-Corridor Access Lands to be obtained by the date specified as the "Off-Corridor Access Execution Date" with the Off-Corridor Access Lands and the Off-Corridor Access Execution Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;

(vi) a Construction Staging and Stringing Area Agreement is required substantially in the form of the Construction Staging and Stringing Area Agreement attached to the Agreement as Schedule "I" from the registered owner(s) of the Construction Staging and Stringing Area Land(s) to be obtained by the date specified as the Construction Staging and Stringing Area Execution Date with the Construction Staging and Stringing Area Land(s) and the Construction Staging and Stringing Area Execution Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;;

(vii) ownership/fee simple rights are required, Hydro One will enter into an Agreement of Purchase and Sale with the registered owner(s) of the "Lands to be Acquired" substantially in the form of the Agreement of Purchase and Sale attached to the Agreement as Schedule "J" for consideration that is consistent with Hydro One's land acquisition policies with a closing date that is not to be later than the date specified as the "Closing Date" with the Lands to be Acquired and the Closing Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;

(viii) a Material Laydown Area Agreement is required substantially in the form of the Material Laydown Area Agreement attached to the Agreement as Schedule "K" from the registered owner(s) of the Material Laydown Area Land(s) to be obtained by the date specified as the Material Laydown Execution Date with the Material Laydown Area Land(s) and the Material Laydown Area Execution Date being specified in either Schedule "A" of the Agreement (registered owner is a third party) or "B" (registered owner is the Customer), as applicable;

(ix) where all or any part of the Hydro One Connection Work is to be located on Crown land (MNR), Hydro One will need to obtain a Work Permit/Letter of Authority from the Ministry of Natural Resources (MNR) by no later than the date specified in Schedule "A" as the "Date Work Permit/Letter of Consent Required" to allow Hydro One to construct the portion of the Hydro One Connection Work to be located on the Crown land and add same to Hydro One's Provincial Master Land Use Permit;

(x) approvals from pipelines and/or railway companies are required, Hydro One will secure such approvals from the pipeline companies and/or railway companies listed in Schedule "A" of the Agreement as the "Affected Pipeline/Railway Companies" (including, but not limited to performing any necessary studies to obtain same) by the Railway/Pipeline Approval Date specified in Schedule "A";

(xi) consultations with third party encumbrancers are required, Hydro One shall consult with such third party encumbrancers to ensure that no project delays are experienced by Hydro One; and

(xii) confirmation of Hydro One's rights to use an existing (Unopened) road allowance is required, to all or any portion of the Hydro One Connection Work Hydro One shall obtain written confirmation from the municipality that Hydro One has all necessary rights and permission to construct and to access all or any portion of a transmission line being built by Hydro One along the unopened road allowance described as the Unopened Road Allowance Lands in Schedule "A".

"Letter of Credit" means a letter of credit that meets all the following requirements:

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(a) is issued by a bank listed in Schedule I or II of the *Bank Act* (Canada) ("**Bank**");
(b) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the Bank does not have a branch in Toronto, Ontario;
(c) has an expiry date that is acceptable to Hydro One;
(d) provides that any notice that the Bank does not wish to extend the letter of credit for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc.,483 Bay Street, 7th Floor, South Tower, Toronto, Ontario M5G 2P5 Attn: Treasurer at least sixty (60) days prior to any expiration date;
(e) permits partial drawings and multiple presentations;
(f) provides that drawings will be paid on written demand without the issuing Bank enquiring whether Hydro One has a right as between itself and the Customer to make such demand, and without recognizing any claim of the Customer;
(g) only requirement to be met in order to draw on the letter of credit is that Hydro One present the letter of credit and a certificate stating that the amount demanded is payable to Hydro One by the Customer pursuant to the terms of the Connection and Cost Recovery Agreement made between Hydro One Networks Inc. and the Customer, as it may be amended by the Customer and Hydro One from time to time;
(h) provides that banking charges and commissions associated with the letter of credit are payable by the Customer;
(i) subject to the International Standby Practices "ISP 98" ICC Publication no. 590 ("**ISP 98**");
(j) provide that notwithstanding ISP 98, in the event that the original of the letter of credit is lost, stolen, mutilated or destroyed, the Bank will agree to replace same upon written notice from Hydro One setting out the circumstances;
(k) provides that matters not expressly covered by ISP 98, will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein;and
(l) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Line Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Line Connection Pool Work".

"Line Connection Revenue" means the amount of line connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Line Connection Service Rate during the Economic Evaluation Period.

"**Line Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Load Customer" has the meaning set forth in the *Transmission System Code.*

"Load Forecast" means the initial load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities used in the initial economic evaluation for the Economic Evaluation Period.

"Market Rules" means the rules promulgated under Section 32 of the Electricity Act, 1998.

"Material" relates to the essence of the contract, more than a mere annoyance to a right, but an actual obstacle preventing the performance or exercise of a right.

"Network Customer Allocated Work" means the construction of or modifications to Network Facilities specified in Schedule "A" of the Agreement under the heading "Network Customer Allocated Work" that are minimum connection requirements.

"Network Facilities" has the meaning set forth in the *Transmission System Code.*

"Network Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Network Pool Work".

"Network Revenue" means the amount of network revenue attributable to the Incremental Network Load to be received by Hydro One through the monthly collection of the Network Service Rate during the Economic Evaluation Period.

"Network Service Rate" means the network service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"New Load" means the load at the New or Modified Connection Facility that is in excess of, for each of the Existing Load Facilities, the lesser of the Existing Load or the Normal Capacity.

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"**New or Modified Connection Facilities"** means the new or modified Hydro One Facilities constructed or modified by Hydro One as part of the Hydro One Connection Work.

"Normal Capacity" means, where the Customer is:

(a) the only Load Customer supplied by an Existing Load Facility, the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures; and

(b) one of two or more Load Customers served by an Existing Load Facility, the Customer's pro-rated share of the total normal supply capacity of the Existing Load Facility as determined in accordance with the OEB-Approved Connection Procedures.

"OEB" means the Ontario Energy Board.

"OEB-Approved Connection Procedures" means Hydro One's connection procedures as approved by the OEB from time to time.

"Ontario Energy Board Act" means the *Ontario Energy Board Act* being Schedule "B" of the *Energy Competition Act*, S.O. *1998*, c. 15, as amended.

"Pool-Funded Cost" means the present value of the Engineering and Construction Cost and projected on-going maintenance and other related incremental costs (including, but not limited to applicable taxes, and net of tax benefits), of each of the Transformation Connection Pool Work, the Line Connection Pool Work and/or the Network Customer Allocated Work calculated in accordance with the principles, criteria and methodology set out in Appendices 4 and 5 of the Transmission System Code.

"Premium Costs" means those costs incurred by Hydro One in order to maintain or advance the Ready for Service Date, including, but not limited to, additional amounts expended for materials or services due to short timeframe for delivery; and the difference between having Hydro One's employees, agents and contractors perform work on overtime as opposed to during normal business hours.

"**Rate Order"** has the meaning ascribed thereto in the *Transmission System Code*.

"Ready for Service Date" means the date upon which the Hydro One Connection Work is fully and completely constructed, installed, commissioned and energised to the Connection Point. The Customer's disconnect switches must be commissioned prior to this date in order to use them as isolation points.

"Standard Terms and Conditions" means these Standard Terms and Conditions for Load Customer Transmission Customer Connection Projects including this Appendix "A" attached hereto.

"Surety Bond Requirements" means a surety bond that meets all the following requirements:

(a) is in a form that is satisfactory to Hydro One;
(b) surety must be Canadian;
(c) surety must be financially acceptable to Hydro One must have at, a minimum, a long-term credit rating of "A" from a bond-rating agency acceptable to Hydro One;
(d) provides that fees, charges and commissions associated with the surety bond, including drawings therefrom, are payable by the Customer;
(e) allows for presentment in Toronto, Ontario or presentment using a valid fax number where the surety does not have a branch in Toronto, Ontario;
(f) has an expiry date that is acceptable to Hydro One;
(g) provides that any notice that the surety does not wish to extend the surety bond for any additional period of expiry must be provided, in writing, to Hydro One Networks Inc., 483 Bay Street, 7th Floor, South Tower, Toronto, Ontario M5G 2P5 Attn: Treasurer at least 60 days prior to any expiration date;
(h) permit partial drawings and multiple presentations;
(i) provide that drawings will be paid without the surety enquiring whether Hydro One has a right as between itself and the Customer to make such demand, and without recognizing any claim of the said Customer;
(j) only requirement to be met in order to draw on the surety bond is that Hydro One present a certificate certifying that the amount demanded is payable to Hydro One by the Customer pursuant to the terms of the Connection Cost Recovery Agreement made between the Customer and Hydro One, as it may be amended by the Customer and Hydro One from time to time;
(k) will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and

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(l) any dispute or claim shall be submitted to the exclusive courts within the jurisdiction of the Province of Ontario.

"Taxes" means all property, municipal, sales, use, value added, goods and services, harmonized and any other non-recoverable taxes and other similar charges (other than taxes imposed upon income, payroll or capital).

"Transformation Connection Pool Work" means the Hydro One Connection Work specified in Schedule "A" of the Agreement under the heading "Transformation Connection Pool Work".

"Transformation Connection Revenue" means the amount of transformation connection revenue attributable to that part of the Customer's New Load to be received by Hydro One through the monthly collection of the Transformation Connection Service Rate during the Economic Evaluation Period.

"**Transformation Connection Service Rate"** means the line connection service rate approved by the OEB in Hydro One's Rate Order from time to time, or any mechanism instituted in accordance with Section 29.

"Transmission System Code" or "Code" means the code of standards and requirements issued by the OEB on July 25, 2005 that came into force on August 20, 2005 as published in the Ontario Gazette, as it may be amended, revised or replaced in whole or in part from time to time.

"Transmitter's Facilities" has the meaning ascribed thereto in the *Transmission System Code.*

"True-Up" means the calculation to be performed by Hydro One, as a transmitter, at each True-Up Point in accordance with the requirements of Subsection 6.5.4 of the *Transmission System Code.*

"True-Up Point" means the points of time based upon the Customer Connection Risk Classification when Hydro One is required to perform a True-Up as described in Section 11 of these Terms and Conditions.

"Updated Load Forecast" means the load forecast of the New Load in excess of the Normal Capacity of the Existing Load Facilities for the remainder of the Economic Evaluation Period.

"Work Chargeable to Customer" means the Hydro One Connection Work specified in Part 4 of Schedule "A" of the Agreement under the heading "Work Chargeable to Customer".

Date:	16-Jan-25
Project #	11071

SUMMARY OF CONTRIBUTION CALCULATIONS
Transformation Pool - 3rd true-up

Facility Name: Durham Region Supply - Whitby TS, Veridian Load
Description:
Customer: Whitby Hydro

		In-Service Date	<------- Project year ended - annualized from In-Service Date ------->																							
	Month	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30
	Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
							1st true-up					2nd true-up					3rd true-up										
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Revenue & Expense Forecast																											
Load Forecast (MW)			23.1	25.0	42.6	46.0	51.8	50.9	33.1	30.8	31.5	17.4	27.8	9.8	23.8	28.8	25.5	36.1	27.3	34.2	40.9	48.1	55.5	63.7	72.6	80.8	89.9
Load adjustments (MW)			1.1	1.5	1.8	1.6	7.2	8.6	8.4	7.7	8.2	8.6	10.0	8.6	10.0	9.7	9.3	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			24.1	26.5	44.4	47.6	59.1	59.5	41.5	38.5	39.8	26.0	37.8	18.4	33.8	38.5	34.9	45.9	27.3	34.2	40.9	48.1	55.5	63.7	72.6	80.8	89.9
Tariff Applied ($/kW/Month)			1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Incremental Revenue - $k			434.6	477.1	799.7	857.3	1,063.1	1,070.4	746.3	692.3	715.8	467.9	680.1	331.5	607.7	693.2	627.6	825.6	491.3	615.6	736.0	864.9	998.4	1,147.4	1,307.5	1,453.6	1,619.0
Removal Costs - $k		0.0																									
On-going OM&A Costs - $k		0.0	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)
Ontario Capital Tax and Municipal Tax - $K			(29.3)	(28.2)	(27.0)	(25.9)	(24.9)	(23.9)	(23.0)	(22.0)	(21.2)	(20.3)	(19.5)	(18.7)	(18.0)	(17.2)	(16.6)	(15.9)	(15.3)	(14.7)	(14.1)	(13.5)	(13.0)	(12.4)	(11.9)	(11.5)	(11.0)
Net Revenue/(Costs) before taxes - $k		0.0	392.3	436.0	759.7	818.4	1,025.2	1,033.4	710.3	657.2	681.6	434.6	647.6	299.8	576.7	663.0	598.1	772.2	438.6	563.5	684.4	813.9	947.9	1,097.4	1,258.0	1,404.6	1,570.5
Income Taxes - $k		0.0	(84.6)	(32.2)	(150.3)	(175.4)	(252.3)	(259.4)	(150.4)	(135.8)	(148.1)	(65.2)	(143.3)	(24.9)	(125.0)	(158.3)	(138.5)	(202.3)	(88.2)	(134.6)	(179.4)	(227.1)	(276.3)	(330.9)	(389.2)	(442.6)	(502.6)
Operating Cash Flow (after taxes) - $k		0.0	307.7	403.8	609.4	642.9	772.9	774.0	559.9	521.5	533.5	369.4	504.3	274.9	451.7	504.7	459.6	569.9	350.3	428.9	505.0	586.8	671.6	766.6	868.8	962.0	1,067.9
	Cumulative PV @ 6.25%																										
PV Operating Cash Flow (after taxes) - $k (A)	7,057.2	0.0	298.5	368.7	523.7	520.0	588.3	554.5	377.5	330.9	318.6	207.6	266.8	136.9	211.6	222.6	190.7	222.6	128.8	148.4	164.4	179.8	193.7	208.1	221.9	231.3	241.6
Capital Expenditures - $k																											
Capital cost before overheads & AFUDC - $k		(9,441.0)																									
- Overheads - $k		(50.0)																									
- AFUDC - $k		(483.6)																									
Total upfront capital expenditures - $k		**(9,974.7)**																									
On-going capital expenditures - $k			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PV On-going capital expenditures - $k		0.0																									
Total capital expenditures - $k		**(9,974.7)**																									
Capital Contributions - $k																											
Previous capital contribution/(credit)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
Current capital contribution/(credit)																	0.0										
PV of annual capital contribution		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Total PV		**0.0**																									
PV Proceeds on disposal of assets - $k		**0.0**																									
PV CCA Residual Tax Shield - $k		**110.0**																									
PV Working Capital - $k		**(0.5)**																									
PV Capital (after taxes) - $k (B)	(9,865.2)	**(9,865.2)**																									
Cumulative PV Cash Flow (after taxes) - $k (A) + (B)	(2,808.0)	**(9,865.2)**	**(9,566.7)**	**(9,198.0)**	**(8,674.4)**	**(8,154.4)**	**(7,566.1)**	**(7,011.7)**	**(6,634.2)**	**(6,303.3)**	**(5,984.7)**	**(5,777.1)**	**(5,510.4)**	**(5,373.5)**	**(5,161.9)**	**(4,939.3)**	**(4,748.6)**	**(4,526.0)**	**(4,397.2)**	**(4,248.8)**	**(4,084.4)**	**(3,904.6)**	**(3,710.9)**	**(3,502.8)**	**(3,280.9)**	**(3,049.6)**	**(2,808.0)**

Discounted Cash Flow Summary

Economic Study Horizon - Years: 25

Discount Rate - % 6.25%

		Before Cont $k	After Cont $k	Impact $k
PV Incremental Revenue		9,691.8	9,691.8	
PV OM&A Costs		(241.2)	(241.2)	
PV Ontario Capital Tax and Municipal Tax		(271.5)	(190.7)	80.8
PV Income Taxes		(3,371.1)	(3,352.2)	18.9
PV CCA Tax Shield		1,359.2	912.2	(447.0)
PV Capital - Upfront	(9,974.7)		(9,974.7)	
Add: PV **Capital Contribution**	**0.0**	(9,974.7)	**3,155.3**	(6,819.3)	3,155.3
PV Capital - On-going		0.0	0.0	
PV Proceeds on disposal of assets		0.0	0.0	
PV Working Capital		(0.5)	(0.5)	
PV Surplus / (Shortfall)		(2,808.0)	**0.0**	**2,808.0**
Profitability Index*		**0.7**	**1.0**	

Notes:
*PV of total cash flow, excluding net capital expenditure & on-going capital & proceeds on disposal / PV of net capital expenditure & on-going capital & proceeds on disposal

Capital Contributions

	Date	PV of Cont $k	Previous Cont Payments $k	Current Cont / (Credit) $k
Initial economic evaluation	2007	1,007.1	1,007.1	
1st true-up	2012	0.0	0.0	
2nd true-up	2017	1,959.3	3,593.6	
3rd true-up	2022	188.9		469.3
Total		**3,155.3**	**4,600.7**	**469.3**
Contribution Required (before HST)				**469.3**

Notes:
1) Payment from customer must include HST/GST.

Other Assumptions		**Notes:**
In-Service Date:	30-Nov-07	
Municipal Tax	0.00%	Transmission system average
Federal Income Tax	21.00%	Federal corporate income tax
Ontario Corporation Income Tax	14.00%	Provincial corporate income tax
Working cash net lag days	11.38	As per Lead Lag study
CCA Rate for Class 1 Assets	4%	100% Class 1 assets

Calculation Time Stamp: 16-Jan-25, 10:14 AM

Date:	16-Jan-25
Project #	11071

SUMMARY OF CONTRIBUTION CALCULATIONS
Transformation Pool - 3rd true-up

Facility Name: Durham Region Supply - Whitby TS, Veridian Load
Description:
Customer: Veridian Hydro

		In-Service Date	<------- Project year ended - annualized from In-Service Date -------->																							
	Month	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30	Nov-30
	Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012** 1st true-up	**2013**	**2014**	**2015**	**2016**	**2017** 2nd true-up	**2018**	**2019**	**2020**	**2021**	**2022** 3rd true-up	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
		0	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*
Revenue & Expense Forecast																											
Load Forecast (MW)			0.0	7.1	14.9	20.2	20.3	23.3	24.2	26.2	28.1	27.2	32.1	30.2	34.2	35.2	39.1	41.0	46.3	47.2	48.3	49.5	50.7	52.1	53.5	54.7	56.1
Load adjustments (MW)			0.0	0.1	0.8	1.1	1.2	1.5	1.9	2.5	2.7	2.8	3.3	3.3	3.6	3.6	3.9	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			0.0	7.3	15.7	21.3	21.4	24.8	26.0	28.7	30.8	30.0	35.4	33.5	37.8	38.7	43.0	45.2	46.3	47.2	48.3	49.5	50.7	52.1	53.5	54.7	56.1
Tariff Applied ($/kW/Month)			1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Incremental Revenue - $k			0.0	130.8	282.1	383.6	386.0	446.4	468.8	516.7	555.1	539.9	636.4	603.5	680.4	697.3	773.7	813.2	834.1	850.4	869.1	890.5	912.3	936.9	962.5	985.3	1,009.9
Removal Costs - $k		0.0																									
On-going OM&A Costs - $k		0.0	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)	(37.5)
Ontario Capital Tax and Municipal Tax - $K			(29.3)	(28.2)	(27.0)	(25.9)	(24.9)	(23.9)	(23.0)	(22.0)	(21.2)	(20.3)	(19.5)	(18.7)	(18.0)	(17.2)	(16.6)	(15.9)	(15.3)	(14.7)	(14.1)	(13.5)	(13.0)	(12.4)	(11.9)	(11.5)	(11.0)
Net Revenue/(Costs) before taxes - $k		0.0	(42.3)	89.7	242.1	344.7	348.0	409.5	432.8	481.7	521.0	506.6	603.9	571.8	649.4	667.0	744.2	759.8	781.4	798.3	817.5	839.5	861.9	887.0	913.1	936.4	961.4
Income Taxes - $k		0.0	67.5	89.0	30.9	(9.7)	(15.3)	(41.0)	(53.3)	(74.3)	(91.8)	(90.4)	(128.0)	(120.1)	(150.4)	(159.7)	(189.6)	(197.9)	(208.2)	(216.7)	(226.0)	(236.1)	(246.2)	(257.2)	(268.5)	(278.7)	(289.4)
Operating Cash Flow (after taxes) - $k		0.0	25.2	178.7	273.0	335.0	332.8	368.5	379.5	407.4	429.1	416.2	475.9	451.7	499.0	507.3	554.5	561.9	573.2	581.5	591.6	603.4	615.7	629.8	644.6	657.7	672.0
	Cumulative PV @ 6.25%																										
PV Operating Cash Flow (after taxes) - $k (A)	5,211.2	**0.0**	**24.5**	**163.2**	**234.5**	**271.0**	**253.3**	**263.9**	**255.9**	**258.5**	**256.3**	**233.9**	**251.7**	**224.9**	**233.8**	**223.7**	**230.1**	**219.4**	**210.7**	**201.2**	**192.6**	**184.9**	**177.6**	**170.9**	**164.7**	**158.1**	**152.0**
Capital Expenditures - $k																											
Capital cost before overheads & AFUDC - $k		(9,441.0)																									
- Overheads - $k		(50.0)																									
- AFUDC - $k		(483.6)																									
Total upfront capital expenditures - $k		**(9,974.7)**																									
On-going capital expenditures - $k			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PV On-going capital expenditures - $k		0.0																									
Total capital expenditures - $k		**(9,974.7)**																									
Capital Contributions - $k																											
Previous capital contribution/(credit)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
Current capital contribution/(credit)																	0.0										
PV of annual capital contribution		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Total PV		**0.0**																									
PV Proceeds on disposal of assets - $k		**0.0**																									
PV CCA Residual Tax Shield - $k		**110.0**																									
PV Working Capital - $k		**(0.5)**																									
PV Capital (after taxes) - $k (B)	(9,865.2)	**(9,865.2)**																									
Cumulative PV Cash Flow (after taxes) - $k (A) + (B)	(4,654.0)	**(9,865.2)**	**(9,840.8)**	**(9,677.6)**	**(9,443.1)**	**(9,172.1)**	**(8,918.8)**	**(8,654.9)**	**(8,399.0)**	**(8,140.5)**	**(7,884.3)**	**(7,650.4)**	**(7,398.7)**	**(7,173.8)**	**(6,940.0)**	**(6,716.3)**	**(6,486.2)**	**(6,266.7)**	**(6,056.0)**	**(5,854.9)**	**(5,662.3)**	**(5,477.3)**	**(5,299.8)**	**(5,128.9)**	**(4,964.2)**	**(4,806.1)**	**(4,654.0)**

Discounted Cash Flow Summary

Economic Study Horizon - Years: **25**

Discount Rate - % **6.25%**

		Before Cont $k	After Cont $k	Impact $k
PV Incremental Revenue		6,851.7	6,851.7	
PV OM&A Costs		(241.2)	(241.2)	
PV Ontario Capital Tax and Municipal Tax		(271.5)	(155.7)	115.8
PV Income Taxes		(2,377.0)	(2,736.2)	(359.2)
PV CCA Tax Shield		1,359.2	717.0	(642.2)
PV Capital - Upfront	(9,974.7)	(9,974.7)	(9,974.7)	
Add: PV **Capital Contribution**	**0.0**	(9,974.7)	**5,506.7**	(4,468.0)	5,506.7
PV Capital - On-going		0.0	0.0	
PV Proceeds on disposal of assets		0.0	33.0	33.0
PV Working Capital		(0.5)	(0.5)	
PV Surplus / (Shortfall)		**(4,654.0)**	**0.0**	**4,654.0**
Profitability Index*		**0.5**	**1.0**	

Notes:
*PV of total cash flow, excluding net capital expenditure & on-going capital & proceeds on disposal / PV of net capital expenditure & on-going capital & proceeds on disposal

Capital Contributions

	Date	PV of Cont $k	Previous Cont Payments $k	Current Cont / (Credit) $k
Initial economic evaluation	2007	0.0	0.0	
1st true-up	2012	2,275.7	3,081.9	
2nd true-up	2017	1,784.6	3,273.2	
3rd true-up	2022	1,446.4		3,592.8
Total		**5,506.7**	**6,355.1**	**3,592.8**
Contribution Required (before HST)				**3,592.8**

Notes:
1) Payment from customer must include HST/GST.

Other Assumptions		**Notes:**
In-Service Date:	30-Nov-07	
Municipal Tax	0.00%	Transmission system average
Federal Income Tax	21.00%	Federal corporate income tax
Ontario Corporation Income Tax	14.00%	Provincial corporate income tax
Working cash net lag days	11.38	As per Lead Lag study
CCA Rate for Class 1 Assets	4%	100% Class 1 assets

Calculation Time Stamp: 16-Jan-25, 12:01 PM

Date:	12-Dec-24
Project #	

SUMMARY OF CONTRIBUTION CALCULATIONS
Line Pool - Actual cost

Facility Name: Seaton MTS
Description: 230kV Supply to new 28kV DESN
Customer: Veridian

		In-Service Date	<------- Project year ended - annualized from In-Service Date ------->																							
Month		Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22
Year		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
							1st true-up					2nd true-up					3rd true-up										
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Revenue & Expense Forecast																											
Load Forecast (MW)			0.0	0.0	0.0	0.0	3.6	12.3	22.3	32.3	42.2	52.3	64.0	77.1	90.2	103.1	115.2	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9
Load adjustments (MW)			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			0.0	0.0	0.0	0.0	3.6	12.3	22.3	32.3	42.2	52.3	64.0	77.1	90.2	103.1	115.2	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9
Tariff Applied ($/kW/Month)			0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Incremental Revenue - $k			0.0	0.0	0.0	0.0	41.2	139.0	252.7	365.7	478.4	593.6	726.1	874.3	1,022.3	1,169.6	1,306.9	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7	1,370.7
Removal Costs - $k		0.0																									
On-going OM&A Costs - $k		0.0	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Ontario Capital Tax and Municipal Tax - $K			(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)	(37.8)
Net Revenue/(Costs) before taxes - $k		0.0	(39.7)	(39.7)	(39.7)	(39.7)	1.5	99.3	213.0	326.0	438.8	553.9	686.4	834.6	982.6	1,129.9	1,267.2	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0	1,331.0
Income Taxes - $k		0.0	107.1	196.0	181.1	167.5	144.0	106.5	65.8	26.0	(12.8)	(51.6)	(94.3)	(140.6)	(186.3)	(231.2)	(273.1)	(295.0)	(299.6)	(303.9)	(307.8)	(311.4)	(314.7)	(317.7)	(320.5)	(323.1)	(325.5)
Operating Cash Flow (after taxes) - $k		0.0	67.4	156.3	141.4	127.8	145.5	205.9	278.8	352.1	425.9	502.3	592.0	694.0	796.4	898.6	994.1	1,036.0	1,031.4	1,027.1	1,023.2	1,019.6	1,016.3	1,013.3	1,010.5	1,007.9	1,005.5
	Cumulative PV @ 5.59%																										
PV Operating Cash Flow (after taxes) - $k (A)	7,172.4	0.0	65.6	144.0	123.4	105.6	113.9	152.6	195.7	234.1	268.2	299.5	334.3	371.1	403.3	431.0	451.5	445.6	420.1	396.2	373.8	352.8	333.0	314.4	296.9	280.5	265.0
Capital Expenditures - $k																											
Capital cost before overheads & AFUDC - $k		(8,261.0)																									
- Overheads - $k		(971.8)																									
- AFUDC - $k		(770.6)																									
Total upfront capital expenditures - $k		(10,003.4)																									
On-going capital expenditures - $k			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PV On-going capital expenditures - $k		0.0																									
Total capital expenditures - $k		(10,003.4)																									
Capital Contributions - $k																											
Previous capital contribution/(credit)		0.0																									
Current capital contribution/(credit)		0.0																									
PV of annual capital contribution		0.0																									
Total PV		**0.0**																									
PV Proceeds on disposal of assets - $k		**0.0**																									
PV CCA Residual Tax Shield - $k		**47.3**																									
PV Working Capital - $k		**(0.0)**																									
PV Capital (after taxes) - $k (B)	(9,956.2)	(9,956.2)																									
Cumulative PV Cash Flow (after taxes) - $k (A) + (B)	(2,783.8)	(9,956.2)	(9,890.6)	(9,746.6)	(9,623.1)	(9,517.5)	(9,403.6)	(9,251.0)	(9,055.3)	(8,821.2)	(8,553.0)	(8,253.5)	(7,919.2)	(7,548.1)	(7,144.8)	(6,713.8)	(6,262.3)	(5,816.6)	(5,396.5)	(5,000.3)	(4,626.4)	(4,273.7)	(3,940.7)	(3,626.2)	(3,329.3)	(3,048.8)	(2,783.8)

Discounted Cash Flow Summary

Economic Study Horizon - Years: 25

Discount Rate - % 5.59%

		Before Cont $k	After Cont $k	Impact $k
PV Incremental Revenue		8,432.6	8,432.6	
PV OM&A Costs		(25.9)	(25.9)	
PV Ontario Capital Tax and Municipal Tax		(516.2)	(516.2)	
PV Income Taxes		(2,091.0)	(2,091.0)	
PV CCA Tax Shield		1,420.2	959.6	(460.6)
PV Capital - Upfront	(10,003.4)		(10,003.4)	
Add: PV **Capital Contribution**	**0.0**	(10,003.4)	**3,244.4**	(6,759.0)	3,244.4
PV Capital - On-going		0.0		0.0	
PV Proceeds on disposal of assets		0.0		0.0	
PV Working Capital		(0.0)		(0.0)	
PV Surplus / (Shortfall)		**(2,783.8)**		**0.0**	**2,783.8**
Profitability Index*		**0.7**		**1.0**	

Notes:
*PV of total cash flow, excluding net capital expenditure & on-going capital & proceeds on disposal / PV of net capital expenditure & on-going capital & proceeds on disposal

Capital Contributions

	Date	PV of Cont $k	Previous Cont Payments $k	Current Cont / (Credit) $k
Initial economic evaluation	2023	3,244.4	0.0	3,244.4
Total		**3,244.4**	**0.0**	**3,244.4**

Contribution Required (before HST)	**3,244.4**
HST @ 13%	421.8
Contribution Required (including HST) [1]	**3,666.2**

Notes:
1) Payment from customer must include HST.

Other Assumptions		**Notes:**
In-Service Date:	22-Jun-23	
Municipal Tax	0.38%	Transmission system average
Federal Income Tax	15.00%	Federal corporate income tax
Ontario Corporation Income Tax	11.50%	Provincial corporate income tax
Working cash net lag days	8.76	As per Lead Lag study
CCA Rate for Class 47 Assets	8%	100% Class 47 assets except for Land

Calculation Time Stamp: 12-Dec-24, 6:11 PM

Date:	6-Feb-25
Project #	27601

SUMMARY OF CONTRIBUTION CALCULATIONS
Transformation Pool - Estimated cost

hydro one

Facility Name: Belleville TS DESN2
Description: Build new 75/125 MVA, 230/44 kV DESN
Customer: Elexicon

			In-Service Date	<-------- Project year ended - annualized from In-Service Date -------->																							
		Month	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17
		Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
								1st true-up					2nd true-up					3rd true-up										
			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Revenue & Expense Forecast																												
Load Forecast (MW)				14.5	18.7	20.4	22.4	24.2	26.0	28.0	30.7	33.4	35.7	38.1	40.7	43.3	46.3	49.2	52.1	54.8	57.4	59.4	60.4	61.3	62.2	63.1	64.2	64.2
Load adjustments (MW)				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff Applied ($/kW/Month)				14.5 3.39	18.7 3.39	20.4 3.39	22.4 3.39	24.2 3.39	26.0 3.39	28.0 3.39	30.7 3.39	33.4 3.39	35.7 3.39	38.1 3.39	40.7 3.39	43.3 3.39	46.3 3.39	49.2 3.39	52.1 3.39	54.8 3.39	57.4 3.39	59.4 3.39	60.4 3.39	61.3 3.39	62.2 3.39	63.1 3.39	64.2 3.39	64.2 3.39
Incremental Revenue - $k				590.9	760.4	831.1	912.0	984.5	1,058.9	1,141.3	1,251.4	1,358.9	1,451.9	1,550.4	1,656.5	1,763.4	1,886.3	2,004.8	2,119.9	2,231.5	2,339.1	2,420.3	2,459.6	2,497.8	2,534.8	2,570.4	2,614.5	2,614.5
Removal Costs - $k			0.0																									
On-going OM&A Costs - $k			0.0	(127.5)	(127.5)	(127.5)	(127.5)	(127.5)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(255.0)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)	(318.8)
Municipal Tax - $k				(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)	(105.3)
Net Revenue/(Costs) before taxes - $k			0.0	358.1	527.6	598.2	679.1	751.7	698.5	780.9	891.0	998.6	1,091.5	1,190.0	1,296.1	1,403.1	1,525.9	1,644.4	1,695.8	1,807.3	1,915.0	1,996.2	2,035.5	2,073.7	2,110.6	2,146.3	2,190.4	2,190.4
Income Taxes - $k			0.0	245.0	512.8	441.9	372.4	309.0	282.4	223.2	159.6	99.4	45.7	(7.2)	(60.0)	(111.0)	(164.4)	(215.0)	(246.3)	(292.1)	(335.6)	(370.8)	(393.9)	(415.7)	(436.2)	(455.5)	(476.2)	(484.6)
Operating Cash Flow (after taxes) - $k			0.0	603.1	1,040.4	1,040.1	1,051.5	1,060.6	980.9	1,004.1	1,050.6	1,098.0	1,137.2	1,182.8	1,236.1	1,292.1	1,361.5	1,429.4	1,449.5	1,515.2	1,579.4	1,625.3	1,641.5	1,658.0	1,674.4	1,690.8	1,714.1	1,705.8
		Cumulative PV @ 5.65%																										
PV Operating Cash Flow (after taxes) - $k	**(A)**	16,329.2	**0.0**	**586.7**	**958.0**	**906.4**	**867.4**	**828.1**	**724.8**	**702.2**	**695.5**	**687.9**	**674.4**	**663.9**	**656.6**	**649.6**	**647.9**	**643.8**	**617.9**	**611.4**	**603.2**	**587.5**	**561.6**	**536.9**	**513.2**	**490.5**	**470.6**	**443.3**
Capital Expenditures - $k																												
Capital cost before overheads & AFUDC - $k			(28,735.0)																									
- Overheads - $k			(1,850.3)																									
- AFUDC - $k			(1,480.2)																									
Total upfront capital expenditures - $k			**(32,065.6)**																									
On-going capital expenditures - $k				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PV On-going capital expenditures - $k			0.0																									
Total capital expenditures - $k			**(32,065.6)**																									
PV CCA Residual Tax Shield - $k			**163.3**																									
PV Working Capital - $k			**(2.5)**																									
PV Capital (after taxes) - $k	**(B)**	(31,904.8)	**(31,904.8)**																									
Cumulative PV Cash Flow (after taxes) - $k	**(A) + (B)**	(15,575.6)	**(31,904.8)**	**(31,318.0)**	**(30,360.1)**	**(29,453.6)**	**(28,586.3)**	**(27,758.2)**	**(27,033.3)**	**(26,331.1)**	**(25,635.6)**	**(24,947.7)**	**(24,273.3)**	**(23,609.5)**	**(22,952.8)**	**(22,303.2)**	**(21,655.3)**	**(21,011.5)**	**(20,393.5)**	**(19,782.2)**	**(19,179.0)**	**(18,591.5)**	**(18,029.9)**	**(17,493.0)**	**(16,979.9)**	**(16,489.4)**	**(16,018.8)**	**(15,575.6)**

Discounted Cash Flow Summary

Economic Study Horizon - Years: **25**

Discount Rate - % **5.65%**

		Before Cont $k		After Cont $k	Impact $k
PV Incremental Revenue		20,221.2		20,221.2	
PV OM&A Costs		(3,121.4)		(3,121.4)	
PV Municipal Tax		(1,430.7)		(1,430.7)	
PV Income Taxes		(4,152.3)		(4,152.3)	0.0
PV CCA Tax Shield		4,975.8		2,114.9	(2,860.9)
PV Capital - Upfront	(32,065.6)		(32,065.6)		
Add: PV **Capital Contribution**	**0.0**	(32,065.6)	**18,436.4**	(13,629.1)	18,436.4
PV Capital - On-going		0.0		0.0	
PV Working Capital		(2.5)		(2.5)	
PV Surplus / (Shortfall)		**(15,575.6)**		**(0.0)**	**15,575.6**
Profitability Index*		**0.5**		**1.0**	

Notes:
*PV of total cash flow, excluding net capital expenditure & on-going capital & proceeds on disposal / PV of net capital expenditure & on-going capital & proceeds on disposal

Capital Contributions

	Date	PV of Cont $k	Previous Cont Payments $k	Current Cont / (Credit) $k
Initial economic evaluation	2026	18,436.4		18,436.4
Total		**18,436.4**	**0.0**	**18,436.4**

Contribution Required (before HST)	**18,436.4**
HST @ 13%	2,396.7
Contribution Required (including HST)[1]	**20,833.2**

Notes:
1) Payment from customer must include HST.

Other Assumptions		**Notes:**
In-Service Date:	17-Dec-26	
Municipal Tax	0.33%	Transmission system average
Federal Income Tax	15.00%	2024 federal corporate income tax
Ontario Corporation Income Tax	11.50%	2024 provincial corporate income tax
Working cash net lag days	5.8	As per Lead Lag Study as prepared by Navigant for 2023-2027 rates
CCA Rate for Class 47 Assets	8%	100% Class 47 assets

Calculation Time Stamp: 06-Feb-25, 9:36 AM

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-76

Previously Approved ICM Projects

Ref 1: Exhibit 2A / Tab 6 / Schedule 1 / pp. 1- 3 and 4 - 6 (PDF pp. 66 - 68 and 69 - 71)

Preamble:

The OEB-approved ICM funding for the Seaton Transformer Station and Bus Rapid Transit-Highway 2 (BRT) projects.

Question(s):

Please confirm the in-service dates for the Seaton Transformer Station and the BRT projects.

RESPONSE:

Seaton Transformer Station ICM

In service date for the Seaton Transformer Station is December 2022.

Bus-Rapid Transit (BRT) ICM

This project was put in service in multiple phases, due to the expanded scope of work. First phase was put in service in December 2022. The remaining phases in-service took place over 2023 and 2024. All costs associated with this project have now been put in-service as per the costs shown in Exhibit 2A, Tab 6, Schedule 1.

Whitby Smart Grid ICM

Please refer to Table 3 in the response to 2A-SEC-31 for approved vs actuals for the Whitby Smart Grid ICM.

For Whitby Smart Grid, the ADMS and SCADA phase of the project was put in service in September 2025 and the field devices phase was put in service in December 2025. Elexicon coordinated with NRCan to ensure all $4 million in external funding would be received.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-77

OEB-Approved Rate Base and Capital Expenditures

Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Page 8 of 20 (Exhibit 2A, PDF page 8)

Preamble:

Elexicon Energy states that, due to its 2019 merger, it has no prior analysis or OEB-approved comparator is available to assess increases in capital expenditures or rate base.

Question(s):

a) Please explain the due diligence conducted during the merger to verify the accuracy and prudence of Whitby Hydro Corporation's (Whitby Hydro) and Veridian Connections Inc.'s (Veridian Connections) historical capital spending and rate base.

b) For each of Whitby Hydro and Veridian Connections, please provide a variance analysis of approved vs. actual net capital expenditures (separated by System Access, System Renewal, System Service and General Plant) and rate base for each year from the last rebasing of each utility to amalgamation. Please explain any variances above 20%.

c) Please provide a term-over-term analysis of combined net capital expenditures and rate base actuals for Whitby Hydro and Veridian Connections during 2015-2019, and for Elexicon Energy during 2020-2024. Please ensure the analysis for the net capital expenditures is completed by category - System Access, System Renewal, System Service and General Plant.

d) In the absence of OEB-approved comparators, please identify any proxy baselines used (e.g., blended historical net fixed assets from Whitby Hydro and Veridian). Please explain how each proxy was derived.

RESPONSE:

This interrogatory will be addressed in the second round.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-78

Previously Approved Z-Factor Claim

Ref 1: EB-2022-0317 / Decision and Order, June 15, 2023

Ref 2: EE Exhibit 2A-1-1(1) OEB App.2-AA-AB-BA-BB-C

Preamble:

In the EB-2022-0317 proceeding,3 the OEB approved capital cost recovery of $3,841,456 for the Z-Factor claim, a reduction from the original application amount of $4,379,603. The following table summarizes the 2023 rate base additions associated with the Z-Factor assets, as filed in Chapter 2 Appendices, Tab 2BA, indicate a total of $4,266,024.

OEB Account	Description	Opening Balance	Z-Factor Opening Balance
1820	Distribution Station Equipment <50 kV	67,704,708	99,624
1830	Poles, Towers & Fixtures	111,132,443	2,775,710
1835	Overhead Conductors & Devices	78,808,439	287,348
1845	Underground Conductors & Devices	91,780,844	382,186
1850	Line Transformers	71,142,757	595,463
1855	Services (Overhead & Underground)	49,208,047	83,085
1955	Communications Equipment	2,325,932	6,291
1980	System Supervisor Equipment	9,016,897	36,317
		Total	**4,266,024**

Question(s):

a) Please reconcile the difference in the amounts.

b) Please identify any offsets or scope reductions in the 2024-2026 renewal/reactive budgets due to assets already replaced under the amounts recovered through the storm restoration related to the May 2022 storm Z factor claim.4 Where no offsets were taken, please explain why.

RESPONSE:

a) The OEB approved a capital cost recovery amount of $3,841,456 for the Z-Factor claim with no specific decision on the actual capital investments. Elexicon capital expenditures related to Z-Factor event are still eligible capital investments that must be recorded in its Fixed Asset Continuity. Table 1 below shows the reconciliation between Elexicon's Z- Factor filing and the balance as shown in Appendix 2-BA.

Table 1: Reconciliation Between Elexicon Z-Factor and Balance Shown in Appendix 2-BA

OEB Account	Description	Z-Factor Submission	Less 2023 Z-Factor Cost Adjustments	2023 Z-Factor Opening Balance Appendix 2-BA
1820	Distribution Station Equipment <50 kV	367,762	(268,138)	99,624
1830	Poles, Towers & Fixtures	2,694,681	81,029	2,775,710
1835	Overhead Conductors & Devices	589,256	(301,908)	287,348
1845	Underground Conductors & Devices	74,207	307,979	382,186
1850	Line Transformers	543,857	51,606	595,463
1855	Services (Overhead & Underground)	80,718	2,367	83,085
1955	Communications Equipment	0	6,291	6,291
1980	System Supervisor Equipment	29,122	7,196	36,317
	Total	**4,379,603**	**(113,578)**	**4,266,024**

b) There were no offsets or scope reductions in the 2024-2026 System Renewal or Reactive Capital budgets due to assets already replaced under the amounts recovered through the storm restoration work related to the May 2022 storm Z-Factor claim. Assets replaced through the storm restoration work were not included in 2024-2026 capital forecast work.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-79

Asset Continuity Schedule

Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / pp. 3-4 / Table 1 (PDF pp. 4 - 5)

Ref 2: Chapter 2 Appendices / Tab 2BA - Fixed Asset Continuity Schedule

Ref 2: Chapter 2 Appendices / Tab 2BA - Fixed Asset Continuity Schedule (ICM)

Question:

a) At reference 1, for 2022, the table shows total net in service additions in the amount of $84.58M. At reference 2 and 3, the 2022 Total PP&E for Rate Base Purposes is reported as $38,521,572 for the fixed asset continuity and $41,791,207 for the fixed asset continuity including ICM, totaling $80,312,779.

This amount differs by more than $4M with the $84.58M amount from reference 1. Please reconcile the difference.

RESPONSE:

a) The difference is due to the Z-Factor additions amount excluded from Reference 2, the 2022 MIFRS Fixed Asset Continuity. See revised total below with Z-Factor added back.

Reference 2: Fixed Asset Continuity	38,521,572
Reference 3: Fixed Asset Continuity ICM	41,791,207
Z-Factor (Excluded from 2022 MIFRS FA Continuity)	4,266,024
Total ($)	**84,578,803**
Total ($M)	84.58

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-80

Substation Growth

Reference 1: Exhibit 2B / Tab 4 / Schedule 3 / Appendix I (PDF p. 366)

Reference 2: Exhibit 2B / Tab 4 / Schedule 3 / Appendix I-1

The application states that approximately two-thirds of the proposed Substation Growth budget is associated with GTA East TS and that the Ajax-Pickering/Whitby area will exceed 44 kV station capacity without this project. The pre-filed evidence notes interdependencies with Hydro One (new 44 kV transmission line/ROW) and references the regional planning conclusion that a new TS is needed.

The application states that GTA East Needs Assessment Report, December 2024 issued by Hydro One identified a requirement for a new transformer station (TS) in Whitby between 2030-2032, driven by forecasted overloading of the TS and 44 kV system.

Preamble:

a) Please confirm the month the proposed GTA East TS is planned to go into service.

b) What are the specific Station expenditures covered in each of the years 2027 - 2031?

c) Please explain how the regional planning evidence that identifies the GTA East TS need, the MVA required, and the target in-service date, and show how this aligns with Elexicon Energy's two-phase 2025-2031 schedule.

d) Please explain the basis for the proposed 2031 in-service date for GTA East TS by identifying: (i) the year each of Cherrywood, Thornton, and Whitby DESN 1 & 2 exceeds its LTR or feeder capacity, and (ii) the earliest year GTA East TS must be in service to avoid capacity violations under both the base-case and a low-growth scenario.

e) Please provide a cost breakdown of GTA East TS by major component (i.e., site/civil, transformers (size/quantity), switchgear & protection, line terminations, telecom/SCADA, land,

environmental/permitting, and HONI interface costs. Please also indicate the estimate class and contingency.

f) Please provide a high-level project schedule for this project, outlining the major phases and target dates (e.g., planning, design, procurement, construction, commissioning, and in-service). What stage of the project is it currently in?

g) Please confirm when the CCRA is planned to be finalized with Hydro One.

RESPONSE:

a) The proposed GTA East Transformer Station (TS) is planned to be placed into service in October 2031.

b) Please refer to Table 1 below. The estimate for the GTA East Transformer Station has been updated since the filing of Elexicon's Application. The annual values presented in Table 1 below reflect the updated estimate and therefore differ from the values previously provided in the Application.

Table 1: GTA East TS Station Expenditures by Year

Year	Cost ($M)	Station Expenditure Activities
2027	$5.45	• Ongoing Class Environmental Assessment activities • Preliminary engineering and initiation of detailed engineering • Initiating power transformer procurement • Ongoing coordination activities with Hydro One and IESO
2028	$19.35	• Continued detailed engineering and permitting activities • Completion of the Class Environmental Assessment for the transformer station and transmission line • Land acquisition for the transformer station site • Completion of Connection and Cost Recovery Agreement (CCRA) with Hydro One • Additional procurement of major equipment
2029	$15.61	• Ongoing procurement of major station equipment and systems, including transformers, switchgear, protection and control equipment, outdoor yard components, feeders and ducts, and other station infrastructure • Finalization of detailed engineering

Year	Cost ($M)	Station Expenditure Activities
		• Completion of required design and permitting approvals to support construction readiness
2030	$24.30	• Construction works including site development, civil and structural works, foundations, yard structures, building, grounding systems, station service • Installation of major electrical equipment • Integration activities to support the Hydro One transmission connection
2031	$14.42	• Completion of remaining construction activities • Testing, commissioning, energization of the GTA East Transformer Station

c) The need, required capacity, and target in-service date for the GTA East TS are reinforced through the GTA East Regional Planning Process and documented in the GTA East Needs Assessment Report, refer to Exhibit 2B - Tab 2 - Schedule 1 - Appendix A, pp. 23, 27, 28. The Needs Assessment identified forecast overloading of the 44 kV station supply system and concluded that a new TS in the North Whitby area is required between 2030 and 2032 under the normal and high growth scenarios. It also identified a requirement for approximately 180 MVA of station supply capacity, which aligns with the proposed GTA East TS capacity.

The forecasted October 2031 in-service date aligns with the regional need window and reflects the feasible timing to deliver a project of this scale. In addition to the regional supply needs, this project alleviates significant existing distribution constraints in the Ajax-Pickering-Whitby area. Within this area, there are a total of 23 municipal substations that are supplied by the 44 kV system. Under current conditions, due to the 44 kV system constraints, 100% of these substations (23 out of 23) have less than 1,000 kVA of available capacity, materially limiting Elexicon's ability to connect customers and support growth and economic development in this area. The GTA East TS will directly address the upstream 44 kV constraint that is driving these downstream impacts. Once the GTA East TS is in service, the number of constrained stations in Ajax-Pickering-Whitby area will reduce from 100% to 17% (4 out of 23), fundamentally improving Elexicon's ability to reliably serve existing customers and enable future growth and economic development in this area.

With respect to the "two-phase 2025–2031 schedule" referred to in the question, to clarify, this pertains to the Winchester West Municipal Station (MS) project and not the GTA East TS project. GTA East TS will not be completed in two phases. Phase 2 of Winchester West MS is dependent

on the in-service of the GTA East TS, which ensures there is sufficient 44 kV capacity to complete Phase 2 of Winchester West MS.

d) The basis for the proposed October 2031 in-service date for the GTA East TS is supported by the GTA East Regional Planning Process and documented in the GTA East Needs Assessment Report (December 2024) prepared by Hydro One. The regional planning analysis incorporates load forecasts that reflect existing system conditions as well as large greenfield development in North Whitby and North Pickering.

As noted in Exhibit 2B - Tab 4 - Schedule 3 - Appendix I-1, Table 1, three out of four TSs in the Ajax-Pickering-Whitby 44 kV system have already reached or exceeded the Limited Time Rating (LTR):

- Cherrywood TS – LTR exceeded (existing condition)
- Thornton TS – LTR exceeded (existing condition)
- Whitby TS DESN 2 – LTR exceeded (existing condition)

These LTR exceedances represent current system constraints and result in heightened reliability risk, including reduced contingency margin and increased reliance on transfers and switching. In addition, the remaining station (Whitby TS DESN 1) is forecast to experience increasing loading pressure over the planning horizon, further limiting system flexibility. Therefore, the construction of GTA East TS must be expedited to address existing and future station capacity constraints.

The GTA East Needs Assessment concludes that a new supply point is required to address both existing capacity violations and forecast load growth:

- Under the normal growth scenario, GTA East TS is required to be in service by 2031 to prevent sustained LTR exceedances and unacceptable reliability risk across the 44 kV system supplying Ajax, Pickering, and Whitby.
- Under a low-growth scenario, while the rate of load increase is moderated, Elexicon's assessment demonstrated that capacity violations are not fully eliminated or deferred beyond the early-2030s due to:
    - The fact that multiple TSs are already operating at or above LTR;
    - Existing MSs supplied by the 44 kV system in Ajax-Pickering-Whitby are constrained and unable to connected large loads; and

- Limited ability to reliably rebalance load given upstream 44 kV supply constraints.

Accordingly, even under lower-growth assumptions, the GTA East TS is still required immediately to restore planning margins, support contingency capabilities, connect large greenfield developments in North Whitby and Northeast Pickering, and relieve existing constraints in the system.

e) A cost breakdown for the GTA East TS is provided in Table 2 below. This estimate represents the latest project cost estimate, developed based on the current scope and level of project definition. The estimate reflects an expected accuracy range of +50% / −30%.

Table 2: Cost Breakdown of GTA East TS

Component	Cost ($M)
HONI and IESO Coordination	$0.91
Environmental and Permitting	$0.77
Land	$11.00
Engineering	$1.76
Construction	$20.41
Power Transformers	$21.07
Procurement	$13.62
Project Management	$3.55
Contingency and Other	$8.00
Total	$81.08

The estimate assumes that three (3) power transformers 75/100/125 MVA 230 /44kV will be procured. A contingency of 10% has been applied.

f) Please refer to Table 3 below. The project is currently in the planning phase, which includes the joint Environmental Assessment, land acquisition activities, and early coordination with Hydro One and the IESO. These activities are advancing in parallel to support site selection, future connection approvals, and subsequent phases of project execution.

Table 3: GTA East TS Project Schedule

Phase	Project Activity	Activity Description	Target Timing
Planning	Project Initiation	Confirmation of need, governance setup, early planning, and preliminary site identification	2024–2025
Planning	Joint Environmental Assessment	Environmental assessment studies, alternatives analysis, consultation, and approvals	2025–2028
Planning	Land Acquisition	Site access, agreements, land acquisition, with acquisition completed following EA completion	2026–2028
Planning	Hydro One / IESO Coordination	System studies, connection assessments (Connection Impact Assessment, Site Impact Assessment), coordination with Hydro One and the IESO, agreements, cost estimates, and execution of the Connection and Cost Recovery Agreement (CCRA)	2026–2028
Design	Preliminary Engineering	Early engineering including layouts, single-line diagrams, and technical definition	2026–2027
Design	Detailed Engineering	Development of detailed design packages for construction, and obtaining permit approvals	2027-2030
Procurement	Procurement	Sourcing of equipment and Engineer, Procure, Construct /Owner's Engineer services	2026–2029
Construction	Construction	Civil, structural, and electrical construction of the transformer station	2030–2031
Commissioning	Commissioning	Testing, verification, and energization readiness activities	2031
In-Service	In-Service	Transformer station placed into service	Q4 2031 (Oct 2031)
Transmission Line (Hydro One Scope)	HONI Transmission Line Design & Build	Design, procurement, construction, and commissioning of transmission connections	2028–2031

g) The Connection Cost Recovery Agreement (CCRA) with Hydro One is planned to be finalized in 2028.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-81

Renewable Generation Connection Rate Protection (RGCRP)

Ref 1: Appendix 2-FB

Ref 2: Appendix 2-OA

Ref 3: Exhibit 2A / Tab 5 / Schedule 1 / p. 4 - 5 (PDF p. 63 - 64)

Preamble:

In Appendix 2-FB Elexicon Energy used a long-term debt rate of 4.73% (see below).

Rate Base		
Deemed ST Debt	4%	4.00%
Deemed LT Debt	56%	56.00%
Deemed Equity	40%	40.00%
ST Interest	2.11%	2.72%
LT Interest	4.94%	4.73%
ROE	9.36%	9.11%

In Exhibit 5 as well as Appendix 2-OA Elexicon Energy proposes a long-term debt rate of 4.83%.

Question(s):

a. Please confirm the correct long-term debt rate and update the evidence as necessary.

RESPONSE:

a) The correct long-term debt rate to be used is 4.83%, consistent with Exhibit 5. Elexicon has updated the model accordingly and is submitting the updated model as attached Excel file

2-Staff-81(1)_OEB App.2-F Renewable Generation Connection. If necessary, the long-term debt rate will be updated again at the Draft Rate Order stage.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-82

Renewable Generation Connection Rate Protection (RGCRP)

Ref 1: Appendix 2-FB

Ref 2: Exhibit 2A / Tab 5 / Schedule 1 / p. 1

Ref 3: Exhibit 2A / Tab 5 / Schedule 1 / p. 4 - 5 (PDF p. 63 - 64)

Preamble:

In Ref 2, Elexicon Energy states that its working capital allowance (WAC) starting in 2027 is 6.62%. In Appendix 2-FB shows a WCA of 6.40% for 2027.

Question(s):

a. Please confirm the correct working capital allowance and update the evidence as necessary.

RESPONSE:

a) The correct working capital allowance is 6.62%, consistent with Exhibit 2A. Elexicon has modified the model accordingly, please refer to 2-Staff-81 Attachment 1.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-83

Fixed Asset Continuity Schedule

Ref 1: 2027 Chapter 2 Filing Requirements for Electricity Distribution Rate Applications / December 16, 2025 / Section 2.2.2

Ref 2: EE_Exhibit 2A-1-1(1)_OEB App.2-AA-AB-BA-BB-C_20251219

Ref 3: EE_Exhibit 2A / Tab 2 / Schedule 1 / Table 1

Preamble:

OEB Staff notes that the application does not include historical actual capital expenditure and fixed asset continuity information for each legacy utility covering the period from the last OEB approved rebasing applications to 2019 in Refs 2 and 3. As a result, the 2020 opening balances used in Appendices 2-BA and 2-AB cannot be reconciled to previously OEB approved values.

Question(s):

a) Please provide the historical actual capital expenditures covering the period from each utility's last OEB-approved rebasing application to 2019 by each rate zone in Excel format.

b) Please update Appendices 2-AB and 2-BA in Ref 2 to reflect continuous historical data from the last OEB-approved rebasing years through 2019, including consolidated totals.

c) Please reconcile the 2019 ending consolidated balances in c) to 2020 opening balance in Ref 2 and explain if any differences.

d) Please reconcile the updated Appendix 2-AB ("net capital expenditures") to the updated Appendix 2-BA ("capital additions") for the historical period from the last rebasing year(s) to 2019, and explain any variances.

e) Please provide a table comparing the OEB-approved closing balances from the most recent rebasing application to the corresponding actual closing balances for that same year

by rate zone, and explain the variances. The table should include, at a minimum: Gross property, plant and equipment, Accumulated depreciation and Net book value.

RESPONSE:

This interrogatory will be addressed in the second round.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-84

Appendices 2-AB and 2-BA Reconciliation

Ref 1: EE_Exhibit 2A-1-1(1)_OEB App.2-AA-AB-BA-BB-C_20251219

Preamble:

OEB Staff notes Elexicon's response to error checking indicating that no error between net capital expenditures reported in Appendix 2-AB and total PP&E additions reported in Appendix 2-BA, and that differences are related to WIP, Z-factor, and ICM amounts.

OEB Staff has compiled the table below to compare the Appendices 2-AB and 2-BA:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Capex (2-AB)	$35.2	$53.4	$78.4	$52.5	$68.9	$59.8	$77.2	$123.3	$129.7	$149.7	$149.0	$188.1
Total PP&E(2-BA)	$34.7	$53.3	$32.4	$48.7	$63.8	$52.3	$50.7	$123.3	$129.7	$149.7	$149.0	$188.1
Variance	**$ 0.5**	**$ 0.1**	**$46.1**	**$ 3.8**	**$ 5.1**	**$ 7.5**	**$26.5**	**$ (0.0)**	**$ 0.0**	**$ (0.0)**	**$ (0.0)**	**$ 0.0**

Question:

a) Please provide a reconciliation to explain how net capital expenditures reported in Appendix 2-AB translate into total PP&E additions reported in Appendix 2-BA for the years 2020 to 2026 by year.

b) For each year with a material variance (including 2022 and 2026), please identify and quantify the specific drivers of the difference, including, but not limited to:

- construction work in progress (CWIP) additions and transfers to in-service,
- ICM-related capital,
- Z-factor related capital,
- asset retirements or derecognitions, and
- any other material reconciling items.

c) Please explain why net capital expenditures and total PP&E additions fully

reconcile for the forecast years 2027 to 2031, while material differences are observed in the historical years 2020 to 2026.

RESPONSE:

a) and b) See Table 1 below.

Table 1: Reconciliation of Net Capital Expenditures to Total PP&E Additions (2020-2026)

	2020	2021	2022	2023	2024	2025	2026
2-AB (Capital Expenditure)							
Net Capital Expenditures (per 2-AB)	35.2	53.4	78.4	52.5	68.9	73.5	77.2
Adjustments							
Less: WIP Renewables	(0.5)	(0.1)					
Less: ICM			(41.8)	(3.8)	(5.1)	(6.1)	(6.6)
Less: Z-Factor			(4.3)				
Total Adjusted Net Capital Expenditure	**34.7**	**53.3**	**32.4**	**48.7**	**63.8**	**67.4**	**70.6**
2-BA (Fixed Asset Continuity)							
Total PP&E for Rate Base Purposes	30.3	46.7	38.5	42.9	37.8	55.9	61.9
Total Construction Work in Progress	4.4	6.6	(6.2)	5.8	26.0	11.5	8.8
Total PP&E per 2-AB	**34.7**	**53.3**	**32.4**	**48.7**	**63.8**	**67.4**	**70.6**
Variance AB and BA	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

c) Please refer to Table 1 in response to parts a and b above. There are no material differences in historical years, ICM and Z-Factor decisions have been shown separately in 2-BA.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-85

Depreciation and Amortization

Ref 1: Exhibit 2A / Tab 2 / Schedule 1

Ref 2: EE_Exhibit 2A-1-1(1)_OEB App.2-AA-AB-BA-BB-C_20251219 / Tab App2.BB_Service Life

Preamble:

In Ref 1, Elexicon identifies several asset classes whose Effective Useful Lives (EULs) fall below the ranges recommended in the Kinectrics Asset Depreciation Study and provides explanations for Accounts 1835 and 1908. However, Appendix 2-BB shows that Account 1860 - Meters is also flagged as being outside the Kinectrics range, yet no explanation for this variance is provided in the evidence.

Question(s):

a) Please confirm that the Effective Useful Lives applied to Account 1860 - Meters fall outside the minimum Kinectrics service life range as indicated in Appendix 2-BB.

b) If so, please provide explanation.

RESPONSE:

a) Effective Useful Life for Industrial/Commercial Energy Meters and Wholesale Energy Meters are 25 years and within the range recommended in the Kinetrics Asset Depreciation Study. However, Current Transformers (CT) and Potential Transformers (PT) are grouped in with the

meters above under Account 1860 -Meters and as a result the useful life for these falls below the recommended range.

b) Useful Life for CT and PT have been reviewed, and it has been determined that these assets make up a small proportion of Elexicon rate base, with Gross PP&E of approximately $0.75 million, and Net PP&E of $0.62 million at of YTD Q1 2026. As such, the difference in depreciation expense resulting from this minor variance is immaterial.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-86

Fixed Asset Continuity Schedule

Ref 1: EE_Exhibit 2A-1-1(1)_OEB App.2-AA-AB-BA-BB-C_20251219 / Tab App2-BA_Fixed Asset Cont

Preamble:

When Elexicon calculated net depreciation in the Appendix 2-BA Fixed Asset Continuity Schedule, it appears to have deducted the Non-Rate-Regulated Utility Assets; however, for the historical years 2020-2024, the model is instead pulling the value from "Less: Socialized Renewable Energy Generation Investments."

For example, in 2020, the Non-Rate-Regulated Utility Asset amount used in the net depreciation calculation is $35,850 (cell M99) even though this cell Refs L87, which corresponds to the Socialized Renewable Energy Generation Investments. The correct value for Non-Rate-Regulated Utility Assets for 2020 is $58,012 (cell L88).

When Elexicon calculated net depreciation in the Appendix 2-BA Fixed Asset Continuity Schedule, the Transportation category appears to have been adjusted as follows:

- For 2020, the amount deducted for Transportation did not include the Property Under Finance Lease asset class.
- For 2021, the $329,064 associated with Property Under Finance Lease was not included in Transportation; however, an additional $23,227.68 was hard-coded into the Transportation amount.
- For 2022-2027, the full amounts of Property Under Finance Lease have been included in the Transportation category.

According to Article 220 - Accounting Procedure Handbook, electric property included in Account 2005 - Property Under Finance Lease must be classified separately in

accordance with the detailed accounts 1606 to 1990 prescribed for Electric Plant in Service.

Questions:

a) Please confirm OEB staff observation of Non-Rate -Regulated Utility asset is correct.

i) If so, please make the correction to Appendix 2-BA and update the pre-filed evidence if applicable.

ii) If not please explain why.

b) Please confirm whether the amounts booked in Account 2005 - Property Under Finance Lease comply with IFRS 16

c) Please describe the nature and key terms of the Lease, including the lease commencement date, lease term, renewal options, and the type of asset subject to the lease, if applicable.

RESPONSE:

a) OEB observation is correct that there is a discrepancy between the description and amount for Non-Rate-Regulated Utility Asset used under the net depreciation section. However, the amount is correct, and description will be revised to Socialized Renewable Energy Generation Investments for the historical years 2020-2024.

   i. Refer to 1-SEC-13 for corrected Appendix 2-BA.

   ii. Not applicable.

b) Yes, amounts booked in Account 2005 - Property Under Finance Lease comply with IFRS 16. Elexicon held various vehicle leases over the historical period, from 2022 onwards vehicle lease depreciation was moved to the burden account and became part of the vehicle burden rate.

c) Please refer to Table 1 below.

Table 1: List of Leased Vehicles

Commencement Date	Lease Term (Months)	Type of Asset
12/01/2014	72	HEAVY TRUCK
05/01/2015	72	HEAVY TRUCK
11/01/2015	57	LIGHT TRUCK
11/01/2015	57	LIGHT TRUCK
05/01/2016	57	LIGHT TRUCK
05/01/2016	57	LIGHT TRUCK
06/01/2016	72	HEAVY TRUCK
11/01/2016	57	LIGHT TRUCK
07/01/2017	96	HEAVY TRUCK
08/01/2017	57	LIGHT TRUCK
01/01/2018	72	HEAVY TRUCK
11/01/2018	57	LIGHT TRUCK
11/01/2018	57	LIGHT TRUCK
12/01/2018	57	LIGHT TRUCK
12/01/2018	57	LIGHT TRUCK
01/01/2019	50	LIGHT TRUCK
09/01/2019	96	HEAVY TRUCK*

*Only vehicle lease currently remaining

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-87

Capitalization Policy

Ref 1: EE_Exhibit 2A / Tab 4 / Schedule 1

Preamble:

Elexicon states that the utility was formed in 2019 through the merger of Veridian Connections and Whitby Hydro, neither of whom had previously filed capitalization policies with the OEB prior to their respective transitions to IFRS. Elexicon further states that "this is the first capitalization policy (including depreciation) prepared by Elexicon post-merger, and it has not required any revision since original issuance May 11, 2020."

Given that both Veridian and Whitby operated as licensed distributors prior to amalgamation, and both transitioned to IFRS effective January 1, 2015, it is unclear from the evidence how capitalization practices were documented, governed, or reviewed before the creation of Elexicon's unified 2020 policy.

Questions:

a) Please confirm whether Veridian Connections and Whitby Hydro each maintained internal capitalization policies prior to the merger, even if not filed with the OEB.

i) If no capitalization policies existed at the legacy utilities, please explain how capitalization practices, including the application of burden rates, treatment of overheads, and asset recognition criteria, were governed and documented prior to the issuance of Elexicon's unified 2020 capitalization policy.

ii) If yes, please explain how Elexicon determined which legacy capitalization practices to adopt, revise, or replace when developing the unified 2020 capitalization policy.

b) Please confirm whether any elements of legacy Veridian or Whitby capitalization

practices continue to be used today, or whether the 2020 policy fully superseded all prior legacy practices.

c) Please confirm that there were no deferral and variance accounts requested and approved for the depreciation rates change from the integration/harmonization process.

i) if confirmed, please elaborate on how the impact of the depreciation rates change arising from the harmonization is not harmful to ratepayers with respect to the recovery in rates of Elexicon' costs.

RESPONSE:

a) Veridian and Whitby both maintained internal capitalization policies prior to the merger.

i. Not applicable.

ii. It was decided that Elexicon would adopt Veridian's capitalization policy as Veridian was determined to be the acquirer under IFRS 3 Business Combinations in the formation of Elexicon and as such the policies for Elexicon were aligned to the acquirer's policy. This is supported by IFRS 10 Consolidated Financial Statements which states that uniform accounting policies have to be adopted for like transactions in a group of companies.

b) Elexicon notes that the question uses both the terms "policy" and "practice". Based on the context of the question, Elexicon understands these terms to be used synonymously and has treated them as such for the purpose of this response. As noted in response to part a), Elexicon adopted Veridian's capitalization policy which continues to be used today.

c) As noted in Exhibit 9, Tab 3, Schedule 5 page 10, *Account 1508 Other Regulatory Assets – Sub Account – Estimated Useful Lives – WRZ* was approved as part of Whitby's 2019 Annual IR Application EB-2018-0079 to record the impact of accounting changes to depreciation as

a direct result of changes in estimated useful lives resulting from Whitby Hydro's annual review as required under IFRS. Also noted in Exhibit 9, Tab 3, Schedule 5 page 12, subsequent to its 2019 Annual IR Application, Whitby Hydro merged with Veridian and as per IFRS 3 Business Combinations, using the acquisition method, the former Veridian Connections was deemed as the acquirer based on its relative size compared to that of the former Whitby Hydro. As such, as part of Whitby Rate Zone ("WRZ") annual review, Elexicon updated the useful life estimate for WRZ assets to be consistent with those for Veridian Rate Zone, as required by IFRS 3 and IFRS 10. For the period April 2019 to 2026, the cumulative PP&E difference is $1,377,520 being requested for disposition. Elexicon confirms that no carrying charges or rate of return has been applied to this balance. Elexicon is proposing discontinuance of the account based on direction in the Accounting Order.

i. Not applicable.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2-STAFF-88

Burden Rate

Ref 1: EE_Exhibit 2A / Tab 4 / Schedule 1

Preamble:

Elexicon includes internally developed capital costs that reflect the application of overheads and burden rates to direct labour and other internally incurred costs. However, the evidence does not clearly define the burden rate(s) applied, the cost components included, nor how these rates were derived and governed. Given the material impact that burden rates can have on capitalized costs, depreciation expense, and ultimately customer rates, additional clarity is required to assess the reasonableness and consistency of Elexicon's practices.

Questions:

a) Please define the burden rate(s) Refd or implied in Exhibit 2 and related schedules. In your response, please identify:

i) Whether a single burden rate or multiple burden rates are used (e.g., by function, department, or asset class);

ii) The cost components included in the burden rate(s) (e.g., benefits, payroll taxes, supervision, facilities, IT, fleet, training, etc.).

b) Please provide the numerical value(s) of the burden rate(s) applied during the test year(s), expressed as a percentage of direct labour costs.

c) Please explain how the burden rate(s) are calculated, including:

i) The total overhead costs included in the numerator;

ii) The allocation base used in the denominator (e.g., direct labour dollars, hours worked);

iii) How the allocation base is measured and validated.

d) Please confirm whether the burden rate methodology and values were inherited from either Veridian Connections or Whitby Hydro, or whether they were newly established post-merger. If inherited, please explain how consistency and reasonableness were assessed during the harmonization process.

e) Please quantify the impact of the applied burden rate(s) on:

i) Total capitalized costs in the test year(s); and

ii) ii) Resulting depreciation expense included in rates.

f) Please explain if the burden rates were benchmarked with any other distributors in Ontario. If not, please explain why not.

RESPONSE:

a)

i) The four burden rates described in Exhibit 2A - Tab 4 - Schedule 1, p. 1-2 are as follows:

- Stores burden – single rate applied to material issued out of warehouse,
- Fleet burden – multiple rates by general type of vehicle,
- General labour burden – single burden rate,
- Engineering labour burden – additional burden, single rate applied to outside staff only,

ii) Please refer to Exhibit 2A - Tab 4 - Schedule 1, p. 1-2 for detailed list of cost components in each burden.

b) The burden rate for labour, expressed as a percentage of direct labour costs for the test year(s) are:

	2027	2028	2029	2030	2031
General labour burden	69%	69%	68%	68%	68%
Engineering labour burden	9%	9%	9%	9%	9%

c) The following describes the inputs in both the numerator and denominator for each burden and how the allocation base is measured and validated.

Stores burden

- Numerator ($):
  - Stores labour – allocation of labour of stores staff and supervisor excluding training,
  - Material and purchases - stores material and purchases including reel return offset and costs for scrapped inventory, price variances and expendable store items,
  - Warehouse space: proportionate allocation of facility costs used based on square footage.
- Denominator ($):
  - Total material costs to be issued
  - Removal of drop shipped items

For forecast years, the information is taken from the capital and OM&A plans; in actuals the burdens allocated each month are compared to the actual costs incurred and the variance is allocated to OM&A and capital on the same basis.

Fleet burden

- Numerator ($):
  - Vehicle depreciation and lease amortization
  - Garage space: proportionate allocation of facility costs used based on square footage.
  - Fuel costs
  - Licensing costs
  - Vehicle insurance
  - Fleet labour – allocation of mechanic labour and supervisory costs
- Denominator (hrs):
  - Usage in hours of various categories of vehicles

For forecast years, an average of 3 years of actuals is used and is increased by the planned addition of fleet vehicles. In actuals, the burdens are allocated each month through vehicle usage rates and compared to the actual costs, and the variance is allocated to OM&A and capital on the same basis.

<u>General labour burden</u>

- Numerator ($):
  - Employer share of CPP, EI, EHT, WSIB
  - Employer share of pension plan
  - Health and dental plans
  - Incentives
  - Employee wellness programs
  - Professional dues
  - Sickness, vacation, statutory holidays, leaves of absence
- Denominator ($):
  - Unburdened direct labour costs

The base value for forecast years is determined by current employee listing adjusted for new hires, with hourly rates and hours. For actuals, the burden allocated each month is compared to the actual cost of labour and the variance is allocated to OM&A and capital based on actual time charged.

<u>Engineering labour burden</u>

- Numerator ($):
  - Operating and maintenance small tool purchase and repairs
  - Operating and maintenance protective clothing
  - Boot allowance
  - Rubber glove testing
  - Driver's license renewals and abstracts
  - Health & safety purchases
- Denominator ($):

- Unburdened direct labour costs of outside labour.

The base value for forecast years is determined through current employee listing adjusted for new hires, with hourly rates and hours. For actuals, the engineering labour burden allocated each month is compared to the actual cost of engineering labour burden and the variance is allocated to OM&A and capital based on actual time charged.

d) The burden rate methodology was inherited from Veridian Connections and is reviewed and updated every year. The burden is calculated on Elexicon as a whole.

e)

i. The updated version is filed as the attached Excel file 2-Staff-88(1)_ OEB App.2-D Overhead Expense.

ii. The burdens are applied directly to each capital investment and capitalized into various assets. It is not possible to trace the depreciation impact for the burdens as each asset has a different useful life and it is not possible to trace burden information at the asset level.

f) Elexicon's burden allocation is consistent with the legacy acquirer utility Veridian and is consistent with the methodology described in the OEB Accounting Procedures Handbook, Article 340, Elexicon has not benchmarked its burden rates.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-89

CDM and NWS in the Load Forecast

Ref 1: Exhibit 3 / Tab 1 / Schedule 1 / Appendix A (PDF p. 15)

Preamble:

Elexicon Energy isolated the impacts of conservation and demand management (CDM) by first adding persisting CDM savings back to rate class consumption. A weather normalized forecast is then produced based on no CDM delivery and then persisting CDM savings of historical programs are subtracted to reflect the actual normal forecast.

Elexicon Energy notes that this approach, which utilizes independent measurements, provides a greater level of accuracy than could be obtained through regression.

Question(s):

a) Please explain in detail why Elexicon Energy believes that the approach used to reflect the impacts of CDM in the load forecast provides a greater level of accuracy than that which could otherwise be obtained through regression.

b) Other than CDM, has Elexicon Energy included the effects of any other historical non-wire solution deployments in its service territories as part of its load forecast? If so, please describe the methodology used.

RESPONSE:

a) Power Advisory used this approach based on its experience that CDM coefficients often have counterintuitive sign, are not statistically significant, and produce models with inferior overall statistics (R^2 and MAPE). The CDM variable exhibits a high level of correlation with other trending

variables such as customer counts, economic variables, and time trends which can cause autocorrelation issues in the regression models.

b) No, non-wire solution deployments are considered only to the extent they have impacted historic loads and trends.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-90

Incremental Load Added (Adjusted) Outside of Regression

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Section 1.1; Tables 1 and 25; EV and heating discussion throughout Sections 1 and related tables.

Preamble:

The Power Advisory report included as Appendix A of Exhibit 3 shows that incremental loads related to electrification (electric vehicles, electric space heating) and known or anticipated customer connections are added to the weather-normalized regression forecasts as manual adjustments. By 2031, these incremental loads represent approximately 15% of total forecast kWh and 25% of forecast billed kW demand.

Question(s):

a) Please describe in detail the methodology used to estimate incremental EV, electric heating, and known customer loads.

b) Please identify the assumptions used to avoid double-counting these incremental loads with growth already captured by the regression models.

c) Please discuss the level of certainty associated with each category of incremental load and identify any assumptions related to timing, phasing, or customer commitment.

d) Please provide an alternative forecast excluding one or more categories of incremental load for sensitivity purposes.

RESPONSE:

a) Incremental EV load is forecast based on historic EV sales in Elexicon's service area, a delayed trajectory toward Federal EV targets, and forecast consumption per vehicle based on the type of vehicle. The EV forecast is described in detail in Exhibit 3 - Tab 1 - Schedule 1 - Appendix A - pages 104 – 110 and the detailed calculations are included in the load forecast model in tabs 'EV Forecast VRZ' and 'EV Forecast WRZ'.

Incremental heating load is forecast for each rate class based on forecasts of electric heating conversions among existing customers, the number of new customers with electric heating, and forecast kWh among those customers. The heating forecast is described in detail in Exhibit 3 - Tab 1 - Schedule 1 - Appendix A - pages 111 – 115 and the detailed calculations are included in the load forecast model in the 'Heating' tab.

Billed kW of known or expected large load connections are forecast based on the anticipated peak load of the customer, the anticipated connection year, a connection likelihood percentage, an average monthly billed to peak anticipated demand ratio, and timing adjustments. The connection likelihood percentage of 50%, 80%, or 100% is assigned based on the stage the customer is in the connection process with some adjustments based on Elexicon's judgement. The monthly billed to peak anticipated demand ratio of 70% is applied to recognize that customers do not always reach their maximum anticipated demands and do not reach their actual annual peak in each month. The connection timing adjustment is applied such that 25% of anticipated load does not materialize in the anticipated year, accounting for connection delays and delays in a customer reaching their maximum demand. Finally, a half-year adjustment is made such that customers are assumed to connect, on average, half-way through the year. This calculation is shown in the Attachment to 3-VECC-38. In the load forecast update in 3-SEC-68 Attachment 1, large load customers that connected in 2025 remain in the list but have anticipated added loads reduced by actual 2025 loads and are no longer assigned a connection timing adjustment.

b) The dependent variable used in the load forecast regression models are adjusted to account for EVs and heating. As described on page 3 of Exhibit 3 - Tab 1 - Schedule 1 - Appendix A, EV and heating loads are subtracted from actual kWh for the purposes of modeling consumption

unrelated to EVs and heating, then EV and heating loads are added back. This method mitigates the impact of EV and heating loads on class consumption trends so when higher EV and heating loads are added in forecast years the impact is not double counted. For known and anticipated large customers, the value of the economic variables at the end of 2024 are held constant to the end of 2027, which has been revised to 2025 held constant to 2028 to account for delays reflected in the updated large customer forecast in 3-SEC-68 Attachment 1. This adjustment removes the impact of economic growth on the base rate class forecasts during the period that most known and anticipated large customers are connected.

c) The level of uncertainty and degree of commitment for each project is listed for each project in 3-Staff-93 Attachment 1. As described in response to part a), a connection timing adjustment is applied to each project in which 25% of anticipated loads are delayed to the following year. The connection timing adjustment is applied to all projects. One third of the projects have anticipated loads increasing over multiple years so the billing determinant forecast phases-in load increases accordingly. A half-year rule is also applied to account for projects being energized throughout the year.

d) Please see 3-Staff-91 & 3-VECC-36 (EV sensitivity), 3-Staff-92 (Heating sensitivity), and 3-Staff-93 (Large Loads sensitivity).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-91

Electric Vehicle Forecast Assumptions

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Tables 100-114

Preamble:

Appendix A shows that EV adoption forecasts are based on provincial forecasts allocated to Elexicon's service territory, with separate estimates for battery electric vehicles and plug-in hybrid vehicles, with incremental energy consumption added to the load forecast.

Question(s):

a) Please identify the provincial EV forecasts relied upon and explain how these were allocated to Elexicon's customers and rate classes.

b) Please describe the assumed EV charging profiles, including assumptions regarding time-of-use and peak coincidence.

c) Please explain how EV charging demand contributes to the forecast increase in billed kW.

d) Please provide sensitivity analyses reflecting lower and slower EV adoption than assumed in the base forecast.

RESPONSE:

a) The provincial forecast is based on the Federal EV sales target of 100% EVs by 2035, a 5-year delay to that target such that 20% of vehicles sold in Ontario are EVs by 2031, and a forecast of overall Ontario vehicle sales. Exhibit 3 - Tab 1 - Schedule 1 - Appendix A - pages 104 – 105: "Actual EV sales in Ontario have lagged behind a trajectory from the share of EVs sold then the Federal EV sales targets were set to 20% EV sales in Ontario by 2026, and the Federal

Government has announced a one year delay to the 2026 target and a review of the policy. The EV target is pushed by five years to 2031."

b) EV charging profiles were not considered for the purpose of developing the billing determinant forecast because only the annual forecast volume by rate class is relevant for ratemaking purposes.

c) As described on page 10 of Exhibit 3 - Tab 1 - Schedule 1 - Appendix A, a 10% load factor is applied to forecast kWh for the purpose of forecasting billed kW associated with EV charging. Incremental kW from EV charging are included in "Additional Loads" in the 'kW Forecast' tab of the load forecast. Further details on the 10% load factor are provided in the response to 3.0-VECC-36.

d) The EV load forecast as filed assumes 20% of vehicles sold in Ontario in 2031 will be EVs. A sensitivity scenario is provided below in which EVs are only 15% of vehicles solid in Ontario in 2031 and the share of vehicles that are EVs is lower in each year. EVs as a share of total vehicles is provided in Table 1. For reference, 6.6% of vehicles sold in Ontario in 2025 were EVs, down from 8.1% in 2024. This analysis is based on the updated load forecast filed as 3-SEC-68 Attachment 1.

Table 1: EVs as share of Vehicles Sold in Ontario

	2026	2027	2028	2029	2030	2031
Updated Load Forecast (3-SEC-68)	8.8%	11.0%	13.3%	15.5%	17.8%	20.0%
Scenario	8.0%	9.4%	10.8%	12.2%	13.6%	15.0%

Table 2: Veridian EV Forecast Summary (Table 113) 20% in 2031

	2025	2026	2027	2028	2029	2030	2031
Cumulative MWh							
Residential	19,083	23,797	29,368	35,718	44,227	54,271	65,289
Res. Seasonal	259	323	398	485	600	736	886
GS<50	2,500	3,167	3,911	4,761	5,901	7,246	8,728
GS 50 - 2,999	1,205	1,541	1,904	2,322	2,878	3,534	4,260
GS 3,000 - 4,999	164	216	267	325	405	498	603
Large Use	31	45	56	70	87	106	129
Cumulative kW							
GS 50 - 2,999	16,510	21,116	26,086	31,809	39,426	48,413	58,352
GS 3,000 - 4,999	2,243	2,965	3,662	4,456	5,545	6,829	8,254
Large Use	430	619	771	960	1,188	1,458	1,770

Table 3: Veridian EV Forecast Summary at 15% in 2031

	2025	2026	2027	2028	2029	2030	2031
Cumulative MWh							
Residential	19,083	23,545	28,350	33,400	40,054	47,665	55,651
Res. Seasonal	259	319	385	453	544	647	755
GS<50	2,500	3,134	3,775	4,453	5,346	6,368	7,446
GS 50 - 2,999	1,205	1,525	1,839	2,172	2,609	3,108	3,638
GS 3,000 - 4,999	164	214	258	304	367	438	515
Large Use	31	45	54	66	79	94	112
Cumulative kW							
GS 50 - 2,999	16,510	20,894	25,186	29,759	35,736	42,572	49,830
GS 3,000 - 4,999	2,243	2,934	3,535	4,166	5,023	6,003	7,049
Large Use	430	613	745	902	1,084	1,293	1,529

Table 4: Whitby EV Forecast Summary (Table 114) 20% in 2031

	2025	2026	2027	2028	2029	2030	2031
Cumulative MWh							
Residential	6,452	8,085	10,219	12,759	15,985	19,805	24,009
GS<50	885	1,110	1,401	1,753	2,199	2,724	3,309
GS 50 - 2,999	391	491	619	775	972	1,205	1,463
GS 3,000 - 4,999	72	91	114	143	180	223	272
Cumulative kW							
GS 50 - 2,999	5,362	6,724	8,484	10,616	13,315	16,501	20,039
GS 3,000 - 4,999	987	1,240	1,558	1,960	2,466	3,058	3,732

Table 5: Whitby EV Forecast Summary at 15% in 2031

	2025	2026	2027	2028	2029	2030	2031
Cumulative MWh							
Residential	6,452	7,990	9,834	11,882	14,407	17,308	20,366
GS<50	885	1,097	1,348	1,633	1,983	2,383	2,811
GS 50 - 2,999	391	485	596	722	876	1,053	1,242
GS 3,000 - 4,999	72	89	109	133	163	196	232
Cumulative kW							
GS 50 - 2,999	5,362	6,645	8,165	9,889	12,007	14,430	17,019
GS 3,000 - 4,999	987	1,226	1,499	1,827	2,227	2,679	3,180

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-92

Electric Space and Water Heating Assumptions

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Tables 115-125

Preamble:

The Power Advisory forecast includes incremental electric heating loads that are added to normalized usage, particularly in the Residential and GS <50 kW classes.

Question(s):

a) Please describe the assumptions used to estimate electric heating penetration by customer class and by rate zone.

b) Please explain how patterns of electric heating usage and demand contribution were determined.

c) Please provide evidence supporting the assumed pace of electrification in Elexicon's service territory.

d) Please provide a sensitivity analysis excluding incremental electric heating loads.

RESPONSE:

a) Electric heating penetration is forecast based on an analysis of home heating stock data from Natural Resources Canada.[1] The share of new home heating stock that are heat pumps, as a percentage of all home heating stock, is used in historic years. Penetration in forecast years is calculated based on the upward trend of the share of home heating stock attributable to electric heat pumps. This percentage is used to forecast the number of new connections with electric heat pumps. One-twentieth of this percentage is used to forecast the number of existing customers

[1] Natural Resources Canada, National Energy Use Database, Residential Sector Table 21. This data is included in the load forecast in the 'Heating (Data)' tab.

that will convert to heat pumps, based on the assumption that gas furnaces last an average of 20 years. These assumptions are used for each rate class in each rate zone.

b) Annual incremental electric heating consumption is allocated to calendar months based on the share of heating degree days in each month, as shown in Exhibit 3 - Tab 1 - Schedule 1, Table 52, using a base temperature of 18°C. Heating demand is considered only for the GS 50 to 2,999 kW class because the Residential, Seasonal Residential, and GS<50 kW classes are not billed by demand. Heating consumption is included with other forecast GS 50 to 2,999 kW consumption when the historic kW/kWh ratio is applied to forecast kWh for the purpose of forecasting billed demand.

c) The forecast pace of heating electrification is based on increasing trends within the province, including available home heating stock data, which is used as a proxy in the absence of detailed local or customer specific information as Elexicon does not maintain data on behind-the-meter heating stock within its service area. Accordingly, estimates of historic electric heating loads and forecasts of future heating demand is based on the growth of heat pump equipment stock in Ontario from Natural Resources Canada. Home heating stock date is included in the load forecast in the 'Heating (data)' tab.

d) The following table provides the reduction in loads when incremental electric heating is excluded, based on the updated load forecast filed as 3-SEC-68 Attachment 1.

Table 1: Load Forecast Excluding Incremental Electric Heating

	Residential	Residential Seasonal	GS<50 kW	GS 50 - 2,999 kW	
	kWh	kWh	kWh	kWh	kW
2026 Forecast	-5,091,338	-39,071	-988,093	-539,981	-1,311
2027 Forecast	-10,629,100	-79,606	-2,106,280	-1,111,354	-2,691
2028 Forecast	-16,534,831	-121,675	-3,278,818	-1,707,213	-4,121
2029 Forecast	-22,832,410	-165,269	-4,506,523	-2,327,680	-5,603
2030 Forecast	-29,524,866	-210,381	-5,790,220	-2,972,877	-7,136
2031 Forecast	-36,542,788	-257,005	-7,130,747	-3,642,926	-8,723

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-93

GS/Large Use Customer Load Growth

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Tables 27 and 28; Sections 1.1 and 1.3.

Preamble:

Appendix A shows material increases in forecast kW demand for GS >50 kW and Large Use classes, despite relatively small increases in customer counts.

Question(s):

a) Please identify on an aggregate basis the number of customers and/or discrete projects underlying the forecast demand growth for the GS >50 kW and Large Use classes, including associated incremental demand (kW) and timing assumptions.

b) Please indicate whether these loads are contracted, committed, or speculative.

c) Please discuss the risk of forecast error should these loads be delayed or reduced, and the implications for cost allocation and rate design.

d) Please provide a forecast excluding new GS and Large Use customer additions.

RESPONSE:

a) This response is provided on the basis of the updated large customer list included in the updated load forecast filed as 3-SEC-68 Attachment 1. There are 72 discrete projects underlying the large customer demand growth. This figure includes new customers, existing customers that are expanding, and customers that connected in 2025 but demands did not yet approach anticipated volumes. The number of projects and load associated with those projects is provided in Table 1

below. The number of customers included in Tables 126-129 are the forecast of increases in customer count, which does not include customer expansions, unless a separate connection and additional fixed charge is expected, and is adjusted for the likelihood each project will proceed. A list of the discrete projects is provided in part b) and calculations showing the likelihood and timing adjustments is provided in 3-VECC-38.

Table 1: Large Load Projects and Associated Loads

	GS 50 to 2,999 kW		GS 3,000 to 4,999 kW		Large Use	
	Discrete Projects	**Billed kW**	**Discrete Projects**	**Billed kW**	**Discrete Projects**	**Billed kW**
2026	41	152,413	8	69,377	3	40,097
2027	48	374,875	10	179,417	5	161,323
2028	52	473,667	11	252,504	5	301,072
2029	53	522,094	11	295,509	5	367,565
2030	54	550,607	12	318,447	5	375,440
2031	54	563,525	13	342,285	5	375,440

b) Please refer to the attached Excel file 3-Staff-93(1)_Large Customer List.

c) The large loads added to the load forecast have been adjusted for the likelihood of the connection or expansion materializing, and a connection timing adjustment that delays 25% of anticipated billed loads to the following year in line with trends in recent connections. Notwithstanding these adjustments, there remains a degree of risk that projects will be further delayed, customers reduce requested demands, or projects are cancelled. There is also risk that the load forecast understates additional loads if projects are advanced, customers increase requested demands, or new projects emerge. Some of this risk is mitigated by the Large Load Revenue Variance Account that is proposed to apply to the customers with the largest anticipated loads. With respect to cost allocation, the large loads are included in the billing determinants used to determine class revenues and the data underlying allocators such as CP and NCP data. The impact of including large loads on both costs and revenues broadly offset. The additional revenue at current rates from the large loads reduces the deficiency factor which has implications for the revenue at status quo rates to be recovered from each rate class. Forecast revenue from the large loads is $3.5

million in 2027 so the revenue to be recovered from all other customers is $3.5 million lower, reducing the rate increases required from all classes, except those above the 120% revenue-to-cost ratio ceiling. The extent that revenues from large loads reduce bill increases may vary following disposition of the Large Load Revenue Variance Account. If large loads considered in the Large Load Revenue Variance Account are higher than forecast then ratepayers will realize additional bill savings, or higher bills if billed loads are lower than forecast.

d) A forecast excluding large customer additions is provided below as Table 2b. This forecast is based on the updated load forecast filed as 3-SEC-68 Attachment 1 and a summary of this forecast, including large customer additions, is also provided for reference as Table 2a. The figures are from the 'Summary' tab of the load forecast models (columns F to J) for the relevant classes.

Table 2 (a): Updated Load Forecast (summary of 3-SEC-68 Attachment 1, includes Large Customer Additions)

	2027	2028	2029	2030	2031
	MWh				
GS 50 – 2,999	1,374,577	1,393,842	1,405,892	1,406,861	1,413,882
GS 3,000 – 4,999	260,193	291,193	310,997	321,661	333,787
Large Use	409,487	486,502	530,848	538,574	543,585
	kW				
GS 50 – 2,999	3,438,320	3,487,764	3,511,957	3,550,962	3,438,320
GS 3,000 – 4,999	627,953	675,892	703,057	734,237	627,953
Large Use	838,838	921,904	941,697	956,658	838,838
	Customer Count				
GS 50 – 2,999	1,516	1,528	1,537	1,545	1,554
GS 3,000 – 4,999	13	14	15	15	15
Large Use	6	6	6	6	6

Table 2 (b): Updated Load Forecast without Large Customer Additions

	2027	2028	2029	2030	2031
	MWh				
GS 50 - 2,999	1,220,533	1,199,244	1,191,450	1,180,781	1,182,543
GS 3,000 - 4,999	176,370	173,842	173,785	173,192	173,875
Large Use	314,342	308,938	314,068	317,149	322,159
	kW				
GS 50 - 2,999	2,998,496	2,964,653	2,965,669	2,961,350	2,987,437
GS 3,000 - 4,999	376,351	375,449	380,383	384,611	391,952
Large Use	538,629	537,766	554,338	566,257	581,217
	Customer Count				
GS 50 - 2,999	1,496	1,502	1,510	1,517	1,524
GS 3,000 - 4,999	8	8	8	8	8
Large Use	5	5	5	5	5

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-94

Residential Growth in the Veridian Rate Zone

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Section 1.1; Tables 11-13.

Preamble:

The report notes that residential customer growth in the Veridian Rate Zone is forecast to be significantly higher than historic experience, approximately double historic growth rates.

Question(s):

a) Please provide the evidence relied upon to support the increased pace of residential customer growth in the Veridian Rate Zone.

b) Please explain how municipal growth plans, development approvals, or housing statistics were incorporated into the forecast.

c) Please provide a sensitivity analysis assuming historic residential growth rates persist.

RESPONSE:

a) The higher rate of residential customer growth is based on regional household and population forecasts from the following sources:

Table 1: Residential Growth Forecast – Source Data

Area	Source
Regional Forecast	
Durham Region	https://www.durham.ca/en/living-here/resources/Documents/2024-INFO-80-Monitoring-of-Growth-Trends.pdf Update included in 3-SEC-68: https://www.durham.ca/en/living-here/resources/Documents/2025-INFO-40-Monitoring-of-Growth-Trends.pdf
Belleville	https://www.belleville.ca/en/do-business/resources/Documents/PLOPA20240090/City-of-Belleville-OP-BL---2021-180-with-Tracked-Changes.pdf https://opencouncil.ca/wp-content/uploads/2024/08/Belleville-Asset-Management-Plan-Current-Levels-of-Service-June-2024.pdf
Port Hope	https://www.porthope.ca/en/business-and-development/resources/Official%20Plan/Official%20Plan%202017%20(9).pdf

Gravenhurst	https://muskoka.civicweb.net/document/42481/
Ministry of Finance	
Durham Region	https://data.ontario.ca/dataset/population-projections/resource/03abe0d5-0995-4ce2-ad9d-e904d50106a5

b) The forecast number of households is used to derive annual household growth rates in Whitby and each community within the Veridian rate zone for the purpose of developing Residential growth rates. The Region of Durham prepares regular population and housing forecasts that provide estimates for May and December for a five-year period for each community in the region. The household forecasts up to 2029 are used to calculate annual growth rates for each community in the region. Growth rates in the remaining years, 2030 and 2031, are forecast as the average growth rate by community from 2025 to 2029. The Port Hope, Gravenhurst, and Belleville forecasts are based on longer-term trends identified in regional reports. In Port Hope, 266.5 households are added each year and in Gravenhurst 91.1 households are added each year. The growth in the number of households is used to calculate annual growth rates. The Belleville growth rate is an average of two population growth rates: one used in Belleville's Official Plan and the other from Belleville's asset management plan. The Veridian Residential growth rate is a weighted average growth rate calculated with the annual growth rates for each community multiplied by the share of Veridian Residential customers in each community. The growth rate calculations are provided in detail in the 'Additional Growth' tab of the load forecast. The customer growth rates have been revised in the updated load forecast filed as 3-SEC-68 Attachment 1 based on updated Durham Region household forecasts.

c) The forecast Residential customer count using only historic trends is provided below.

Table 2: Sensitivity Analysis – Residential Growth at Historic Rates

Residential Customer Count						
	As Filed			Updated (3-SEC-68)		
	Forecast Customer Count	Only Historic Trends	Difference	Forecast Customer Count	Only Historic Trends	Difference
2026 Forecast	169,426	168,102	-1,323	167,047	166,901	-146
2027 Forecast	172,854	171,373	-1,481	169,567	169,351	-216

2028 Forecast	176,219	174,732	-1,488	172,194	171,907	-288
2029 Forecast	179,671	178,051	-1,620	174,925	174,570	-355
2030 Forecast	183,244	181,430	-1,813	177,747	177,340	-407
2031 Forecast	186,877	184,931	-1,946	180,480	180,201	-280

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RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-95

Economic Forecast Assumptions Beyond 2026

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Section 3.2; Table 53.

Preamble:

GDP and employment forecasts beyond 2026 rely on Ontario Budget 2025 projections due to the absence of publicly available bank forecasts.

Question(s):

a) Please explain how Ontario Budget forecasts were extended through 2031.

b) Please discuss the sensitivity of the GS and Large Use forecasts to alternative economic assumptions.

RESPONSE:

a) Forecasts growth rates from the last year available, 2028, are extended to the end of 2031 with the 2028 growth rate applied to each subsequent year through 2031. In the updated load forecast filed as 3-SEC-68 Attachment the Ontario Budget forecast growth rates extend to 2029 and the 2029 growth rates are used in 2030 and 2031.

b) The General Service and Large Use classes are sensitive to economic forecasts, particularly the Large Use rate class. Approximately 2.32% of Large Use load growth from 2030 to 2031 is attributable to the 1.9% GDP growth forecast. The corresponding impacts for the GS classes are 0.13% for GS < 50 kW, 0.54% for GS 50-2,999 kW and 0.59% for GS 3,000 to 4,999 kW. The impact of economic assumptions is lower in the 2026 to 2028 timeframe because the economic variables used for the GS 50-2,999 kW, GS 3,000-4,999kW, and Large Use classes are set to remain constant in those years. This treatment reflects the fact that new large loads are primarily added manually

in this time frame, so removing the impact of increasing loads due to external economic factors avoids double counting.

The table below provides the cumulative impact of increasing the annual GDP and employment forecasts by 1.0% for each year over the 2027 to 2031 forecast period. This analysis does not incorporate the impacts that changing economic conditions may have on the large customer loads that are manually added. As discussed above, the economic variables for the GS 50-2,999 kW, GS 3,000-4,999kW, and Large Use classes are set to remain constant from 2026 to 2028. This analysis is based on the updated load forecast filed as 3-SEC-68 Attachment 1.

Table 1: Sensitivity of GS and Large Use Forecasts to Alternative Economic Assumptions

	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast
kWh Consumption					
GS<50	0.1%	0.2%	0.4%	0.5%	0.6%
GS 50 - 2,999	0.0%	0.0%	0.3%	0.6%	0.9%
GS 3,000 - 4,999	0.0%	0.0%	0.3%	0.7%	1.0%
Large Use	0.0%	0.0%	1.3%	2.6%	3.9%
kW Demand					
GS 50 - 2,999	0.0%	0.0%	0.3%	0.6%	0.9%
GS 3,000 - 4,999	0.0%	0.0%	0.3%	0.7%	1.0%
Large Use	0.0%	0.0%	1.2%	2.4%	3.6%

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-96

COVID-Related Variables

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Section 1.2.

Preamble:

The regression models include several COVID and work-from-home variables which remain statistically significant in some areas, despite reduced weighting after 2023.

Question(s):

a) Please explain why COVID-related variables remain included in the regression models used for forecasting beyond the pandemic period.

b) Please quantify the impact of removing all COVID-related variables on forecast kWh and kW.

c) Please explain how long-term structural changes are distinguished from temporary pandemic effects.

RESPONSE:

a) The COVID variables continue to be included in regression models to account for anomalous consumption in the months in which COVID continued to impact consumption as the rate class level. Including the COVID variables has the impact of removing or minimizing the extent that the coefficients of other variables are impacted by that anomalous consumption. For example, the summer months in 2020 were particularly hot and had high cooling degree day variables. If high Residential consumption in those months is not attributed to COVID, the higher level of consumption may be attributed to the higher cooling degree day values. For General Service classes and the Large Use class, if COVID is not considered with a COVID variable the coefficient of the other variables would be lower to minimize variances between actual and predicted consumption in 2020. Though mathematically distinct, including the COVID variable is analogous to removing an outlier from an average calculation.

b) Table 1 below provides the average 2027-2031 impacts to kWh and billed kW of excluding the COVID variables and the annual mean absolute percentage errors (MAPE) with and without the COVID variables.

Table 1: Impacts of Removing all COVID-Related Variables from Forecast (2027-2031 Average)

Rate Class	Change in kWh with COVID Variables Excluded		Change in kW with COVID Variables Excluded		MAPE (Annual)	
	Average 5-year	Average %	Average 5-year	Average %	Pre-Filed Forecast	No COVID Scenario
Residential	25,412,359	1.54%			1.0%	1.4%
Residential Seasonal	539,712	3.71%			4.2%	4.7%
GS<50	280,735	0.07%			2.2%	2.6%
GS 50 - 2,999	-4,257,789	-0.31%	-9,957	-0.29%	1.1%	1.4%
GS 3,000 - 4,999*					4.1%	4.1%
Large Use	-4,408,428	-0.82%	-7,251	-0.77%	3.3%	4.0%
Total	**17,566,589**	**0.41%**	**-17,208**	**-0.34%**		

*For the GS 3,000-4,999 class, COVID variables were found to not have a significant relationship to energy use. Further information is provided in Exhibit 3 – Schedule 1 – Tab 1, Appendix A, p.29 (VRZ GS 3,000-4,999) and p.44 (WRZ GS 3,000-4,999).

c) The difference in how temporary and structural changes are considered in the load forecast is whether the selected COVID variable persists after 2022. No COVID variables used in the load forecast regressions persists after 2022. The COVID Work from Home variable is tested to consider whether consumption remains in a different range after 2022 compared to consumption before 2019, other than what can be explained by other variables. The results of the regressions reveal there is not a statistically significant reason to forecast consumption from 2027 to 2031 on this basis.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-97

Load Forecast Risk and Variance Management

Ref. 1: Exhibit 3, Tab 1, Schedule 1, Appendix A, Sections 1 and 3.

Preamble:

Given the magnitude of forecast growth and the reliance on incremental load assumptions, there is potential for forecast variance relative to actual outcomes.

Question(s):

a) Please describe how forecast risk is considered in Elexicon's revenue requirement, cost of power, and rate design proposals.

b) Please discuss whether any risk mitigation or variance deferral mechanisms are proposed or contemplated.

c) Please identify which customer classes bear the greatest risk under forecast variance scenarios.

RESPONSE:

a) Forecast risk was not specifically adjusted for in Elexicon's cost of power or rate design proposals. Accordingly, with the exception of new large load customers, Elexicon will bear the risk associated with any variance in its load and customer forecast. The updated load forecast filed as 3-SEC-68 Attachment represents a median-likelihood scenario, which is appropriate to minimize the variances between revenues from rates, based on the associated forecast billing determinants, and Elexicon's annual revenue requirement. A deviation from this approach would result either in rates being set too high, to the detriment of customers, or rates being set too low such that Elexicon would not have an opportunity to recover its approved revenue requirement. With respect to the forecast Cost of Power and the resulting Working Capital Allowance, Elexicon's proposed Custom Revenue Cap Index ("CRCI") includes an adjustment such that revenue

requirement funding associated with the Working Capital Allowance is provided on the basis of Inflation less a stretch and productivity factor. As a result, Elexicon bears an additional risk associated with variations between forecast and actual outcomes.

b) Please see Exhibit 9 - Tab 4 - Schedule 2 - Section 7 for a description of Elexicon's proposed Large Load Revenue Variance Account ("LLRVA"), which provides for symmetrical variance treatment of revenues from identified new large load customers forecast to connect by 2031.

c) The General Service 50 to 2,999 kW, General Service 3,000 to 4,999 kW, and Large Use rate classes bear the most forecast risk because the rates of those classes are most influenced by the large customer loads added to the load forecast and by economic forecasts more generally. This risk is symmetrical such that over-forecasting or under-forecasting billed volumes would produce similar changes in rates had they been designed with actual volumes that differ from forecast volumes.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-98

Growth Drivers

Ref: Exhibit 3, Tab 1, Schedule 1; Appendix A (Power Advisory)

Preamble:

Please explain the drivers of the forecast growth rates over the 2024-2031 period relative to the historical period, with reference to the historical trends presented in Exhibit 3 and the forecast assumptions embedded in the load forecast model.

Question(s):

In your response, please separately address the contribution and supporting evidence for each of the following drivers:

a) Organic customer growth, including changes in customer additions, housing starts, or demographic assumptions relative to the historical period.

b) Electric vehicle adoption, including:

i. assumed EV penetration rates by customer class

ii. charging profiles (coincident and non-coincident)

iii. how these assumptions differ from historical load patterns

c) Electrification of space and water heating, including:

i. assumed uptake rates

ii. end-use load shapes

iii. the extent to which electrification is expected to contribute to winter and system peak demand growth

RESPONSE:

This response is provided based on the updated load forecast filed as 3-SEC-68 Attachment 1. A summary of this forecast is provided below.

Table 1: Summary of Revised Load Forecast

	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%

a) Customer growth trends are summarized in the table below.

Table 2: Customer Growth Contribution to Total Load Growth

Customer Growth	**2016-2025**	**2025-2031**
Residential	1.29%	1.51%
Other Metered Customers	0.65%	0.70%

Residential customer growth is forecast in the 2026 to 2031 period by using an average of the historic growth rate (1.29%), regional household forecasts (2.06%) and Ministry of Finance population forecasts (1.18%). The growth rate is forecast to increase because the regional household forecasts have a higher rate of growth than Elexicon's historic trends. Other metered customer growth is forecast based on historic trends plus the large customer connections manually added to the forecast, resulting in a higher rate of growth than the historic average.

b) EV penetration is forecast to increase in Elexicon's service area each year. Relative to an average of 906 EVs sold in Elexicon's service area from 2017 to 2025, the forecast includes an average of 3,502 EVs per year from 2026 to 2031. The table below provides the contribution of EV growth toward total growth, calculated as the annual increase in kWh caused by EV growth as a share of total consumption among all metered customers.

Table 3: EV Growth Contribution to Total Load Growth

	2026	2027	2028	2029	2030	2031
EVs	0.22%	0.25%	0.28%	0.35%	0.41%	0.44%

EVs are forecast at the rate zone level then allocated to rate classes so the rate of EV penetration is the same for all rate classes. The monthly coincident and non-coincident peaks of EVs are not forecast for the purpose of developing billing determinants.

c) Electric space heating is forecast to increase each year in Elexicon's service area. Elexicon does not have data for behind the meter appliances, or access to external data like the detailed EV data available from Statistics Canada, so incremental electric heating is estimated in historic years and forecast in the test years on the same basis. The load forecast estimates that there was an average of 1,078 heat pumps installed in Elexicon's service area each year from 2019 to 2025 and this will increase to an average of 1,617 heat pumps from 2026 to 2031. The table below provides the contribution of electric heating growth toward total growth.

Table 4: Electric Heating Growth Contribution to Total Load Growth

	2026	2027	2028	2029	2030	2031
Heating	0.19%	0.20%	0.20%	0.20%	0.21%	0.22%

Heating penetration is forecast separately between new connections and existing customers. An average of 13.5% of new connections are forecast to install electric heat pumps from 2026 to 2031, an increase over the estimate of 10.2% from 2019 to 2025. The number of existing customers converting to heat pumps is one-twentieth of the penetration rate for new customers based on the assumption that customers replace natural gas furnaces every 20 years.

For the purpose of developing monthly consumption forecasts, annual forecast heating consumption is spread to calendar months based on the share of heating degree days in each

month. More precise end-use load shapes or contributions to system peaks are not forecast for the purposes of developing billing determinants.

The other key contributor to growth in the forecast period relative to the historic period is the forecast of large customers that are added to the base forecast calculated with on historic consumption and trends. Consumption among the General Service 50 to 2,999 kW, General Service 3,000 to 4,999 kW, and Large Use rate classes grew by an annual average of 0.92% per year from 2016 to 2025, though growth has been higher more recently averaging 1.75% from 2021 to 2025. With the additional large customer loads added, the load of these classes is forecast to grow by 4.44% per year. The table below provides the contribution of large customers toward total growth.

Table 5: Large Customer Addition Growth to Total Load Growth

	2026	2027	2028	2029	2030	2031
Large Customer Additions	3.38%	5.81%	4.01%	1.95%	0.66%	0.40%

The remaining sources of growth are organic and economic growth, which are not forecast to be materially different than past trends, the loss of persistence of historic CDM programs, and the impact of eDSM programs in Elexicon's service area.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3-STAFF-99

Customer-Specific Load Additions

Ref: Exhibit 3, Tab 1, Schedule 1; Appendix A, Sections 1.1 and 1.2

Preamble:

Exhibit 3 and Appendix A describe forecast load additions derived from a combination of customer-specific information and macro-level assumptions. Greater clarity is required regarding the extent to which forecast load growth is supported by identifiable customer activity versus broader planning assumptions.

Question(s):

a) Please identify which forecast load additions are based on customer-specific information (e.g., executed agreements or active connection applications) versus macro-level assumptions.

b) For customer-specific additions, please provide the rate class, forecast kWh and kW, and expected in-service year.

RESPONSE:

a) The forecast load additions based on customer-specific information are described in section 6.3 of Exhibit 3 - Tab 1 - Schedule 1 - Appendix A and included in tab 'Known New Customers' in EE_Exhibit 3-1-1(1)_Elexicon Load Forecast_20251219. In Exhibit 3 -Tab 1 - Schedule 1 Appendix A, Tables 61, 65, 69, 77, and 81 the "Normalized" values reflect the forecasts based on macro-level assumptions (before the CDM adjustment) and the "Additional Loads" values are the additions based on customer-specific information. These tables are included in the load forecast in the 'Normalized Annual Summary' tab.

   The large load customers were selected based on their load demand and the stage of their connection applications. Customers with loads exceeding the 1 MW threshold were included if their projects were in advanced stages of planning, design, or construction. In addition, large load

customers that demonstrated a high level of commitment through executed binding agreements or financial commitments are also included in the list.

The full list of customers is provided in 3-Staff-93 Attachment 1, and a summary of the forecast customer count, billed kW, and kWh by year and rate class is provided in Tables 1-4 below.

b) The large customer list has been revised as part of the updated load forecast filed in response to 3-SEC-68, including the addition/removal of customers, revised anticipated loads, revised likelihood attributions, and revised connection years. The customers from the original list that connected in 2025 remain on the list, but the loads that are manually added have been reduced by the loads that materialized in 2025.

Table 1: Updated Table 126 – New Connection Forecast Summary

Year	Incremental			Cumulative		
	Customers	kWh	Billed kW	Customers	kWh	Billed kW
2026	21.7	118,808,301	261,888	10.9	118,808,301	261,888
2027	9.4	214,203,651	453,727	26.4	333,011,952	715,615
2028	3.2	156,501,450	311,627	32.7	489,513,401	1,027,242
2029	1.4	78,920,780	157,927	35.1	568,434,181	1,185,169
2030	1.2	27,540,563	59,325	36.4	595,974,743	1,244,494
2031	1.1	16,701,527	36,757	37.5	612,676,270	1,281,251

Table 2: Updated Table 127 – GS 50 – 2,999 kW Addition Summary

Year	Incremental			Cumulative		
	Customers	kWh	Billed kW	Customers	kWh	Billed kW
2026	16.7	62,645,569	152,413	8.4	62,645,569	152,413
2027	7.4	91,398,953	222,461	20.4	154,044,523	374,875
2028	2.5	40,553,481	98,792	25.4	194,598,004	473,667
2029	1.3	19,843,918	48,427	27.3	214,441,922	522,094
2030	1.2	11,638,302	28,512	28.6	226,080,224	550,607
2031	1.1	5,258,688	12,918	29.7	231,338,912	563,525

Table 3: Updated Table 128 – GS 3,000 – 4,999 kW Addition Summary

Year	Incremental			Cumulative		
	Customers	kWh	Billed kW	Customers	kWh	Billed kW
2026	4.6	32,514,511	69,377	2.3	32,514,511	69,377
2027	1.5	51,308,448	110,040	5.4	83,822,960	179,417
2028	0.6	33,527,997	73,087	6.4	117,350,957	252,504
2029	0.1	19,860,440	43,005	6.7	137,211,397	295,509
2030	-	11,257,783	22,938	6.8	148,469,180	318,447
2031	-	11,442,838	23,839	6.8	159,912,018	342,285

Table 4: Updated Table 129 – Large Use Addition Summary

Year	Incremental			Cumulative		
	Customers	kWh	Billed kW	Customers	kWh	Billed kW
2026	0.4	23,648,221	40,097	0.2	23,648,221	40,097
2027	0.5	71,496,249	121,226	0.6	95,144,469	161,323
2028	0.1	82,419,972	139,748	0.9	177,564,441	301,072
2029	-	39,216,421	66,494	1.0	216,780,862	367,565
2030	-	4,644,478	7,875	1.0	221,425,340	375,440
2031	-	-	-	1.0	221,425,340	375,440

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-100

Ref 1: Appendix 2-L
Ref 2: Appendix 2-K

Please provide the OEB-approved OM&A budgets for each of the legacy distributors and provide a proxy amount for Elexicon Energy as a merged distributor for the year 2020. Please compare the proxy against 2020 actuals.

RESPONSE:

Whitby's last rebasing application approved an OM&A amount of $8.6M (EB-2009-0274, 2010 Rates, OEB Decision dated December 20, 2010), and Veridian's last rebasing application approved an OM&A amount of $26.3M (EB-2013-0174, OEB Decision dated April 10, 2014).

The proxy amount for Elexicon as a merged distributor for the year 2020 is $40.5M. The proxy amount and comparison to 2020–2027 OM&A actuals are provided in Exhibit 1 - Tab 4 - Schedule 1 - Appendix A - Figure 1, and the detailed calculations supporting the proxy amounts are provided in Elexicon's response to 4-SEC-84.

The 2020 proxy OM&A available from rates and comparison to 2020 actuals are summarized in Table 1 below:

Table 1: 2020 Proxy OM&A vs Actual OM&A – Legacy Utilities (Variance Analysis)

Description	Amount ($M)
Legacy Utilities Combined Funded OM&A (adjusted by PCI and growth) (2020)	40.5
Legacy Utilities Combined OM&A Actuals (2020)	42.3
Variance	(1.8)