



1 **RESPONSE:**

2

3 a) The due diligence conducted during the merger did not assess the prudence of historical  
4 spending and rate base. Rather, it confirmed the value of each legacy utility's assets and  
5 conducted a forward-looking assessment regarding the financial and operational viability of  
6 the merger.

7

8 b) The requested analysis is provided in excel format as Attachment 1 to this interrogatory  
9 response. Note, this table was created using net in-service additions (ISA), not net capital  
10 expenditures, as this is the method the predecessor utilities used to plan their annual  
11 investments. To determine the approved ISA values as requested in this interrogatory,  
12 Elexicon relied on the records for Veridian and Whitby's previous cost of service applications.  
13 Veridian's previous rebasing year was 2014, (EB-2013-0174) and Whitby's was 2011 (EB-2009-  
14 0274). To determine the 'approved' ISA for Veridian, Elexicon used the values from the  
15 settlement proposal, (specifically, the updated Appendix 2-AB dated March 26, 2014),  
16 approved in the decision of April 10, 2014.<sup>1</sup> For Whitby Hydro, the previous rebasing year was  
17 2011, however that rebasing application<sup>2</sup> did not include a DSP. At the time of filing,  
18 distributors were not required to prepare and file distribution system plans and the DSP  
19 categories of System Access, System Renewal, System Service and General Plant did not exist.  
20 As such there are no specific OEB approved capital amounts for the years 2011 onwards.  
21 Based on Elexicon's calculations, the approved settlement agreement in that proceeding  
22 included capital additions of approximately \$6,539,000 for the year 2010. This value was  
23 estimated by calculating the average 2006-2009 capital additions from Table 2-3 of Exhibit 2  
24 of Whitby Hydro's last cost service application (EB-2009-0274) consistent with the following  
25 statement from page 8 of the settlement proposal:

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<sup>1</sup> Veridian Connections Inc., Ontario Energy Board, EB-2013-0174, Decision and Order, April 10, 2014, page 67 of 255 (PDF page numbers). <https://www.rds.oeb.ca/CMWebDrawer/Record/433404/File/document>

<sup>2</sup> EB-2009-0274.

1            *For the purpose of obtaining a complete settlement of all issues, the Parties agreed*  
2            *to reduce Whitby Hydro's net capital additions in 2010 (not including secondary*  
3            *services) to a level that reflects the average of the annual net capital additions from*  
4            *2006-2009.*

5            Elexicon has used this value to conduct the variance analysis for this response. (see tab “part  
6            b – Whitby ‘Approved’ in the excel attachment).<sup>3</sup>

7  
8            The variance analysis for Veridian indicated a variance of -27% in 2015. Elexicon also notes  
9            (although less than 20%), there is a +14% variance in 2018, and -20% variance in 2014.  
10           Following an exhaustive review of internal records, on a best-efforts basis, Elexicon’s analysis  
11           indicates that in 2018, the Renewal program was higher compared to plan which offset less  
12           ISA in the System Access category. In 2015, the 27% difference between the Actual ISA and  
13           the Approved amounts is due to approximately \$6M less ISA for System Renewal and \$2M  
14           less in System Access due to changes in the cost and timing of the Highway 407 project which  
15           was driven by third party changes and also less residential development compared to plan. In  
16           2014, the lower than planned ISA was mostly driven by changes in the Highway 407 project  
17           and lower ISA in the renewal category.

18  
19           For Whitby, as noted in Elexicon’s response to 2B-SEC-33, Elexicon does not have internal  
20           records to support a more fulsome variance analysis for the years 2014 to 2018. Over the  
21           2011-2013 period Whitby Hydro averaged \$6.5M in annual capital additions in line with OEB  
22           approved amounts. The differences in year-over-year ISA amounts are due to timing of  
23           System Access investments, which are typically driven by external factors, as well as the  
24           timing of the Smart Metering AMI 1.0 assets shifting to Whitby’s continuity schedule in 2013.  
25           Overall ISA for Whitby over 2014-2018 averaged \$7.3M as Whitby increased the level of  
26           System Renewal investments over the period. In 2016, Whitby completed \$1M of work on a

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<sup>3</sup> Whitby Hydro, Ontario Energy Board, EB-2009-0274, Decision, December 20, 2010, see page 8 of 25 of the proposed settlement agreement attached to the decision (page 14 of 64 of the PDF). <https://www.rds.oeb.ca/CMWebDrawer/Record/233324/File/document>

1 municipal substation; and in 2017 completed \$2.4M and \$1.2M of distribution station  
2 equipment and cable rehabilitation project respectively. In 2018, \$1.5M and \$1.4M of  
3 overhead rebuild program and cable rehabilitation project respectively.

4  
5 The variance analysis of OEB-approved rate base amounts from the previous rebasing years  
6 for Whitby and Veridian are captured below in Table 1. Elexicon notes that under incentive  
7 rate-setting there is no OEB approved rate base between rebasing applications.

8 **Table 1: Rate Base Variance – OEB approved & Actuals (Whitby and Veridian)**

Whitby (2011)	Actual	OEB Decision (2009-0274) <sup>4</sup>	Variance (\$)	Variance (%)
PPE Opening Balance (NBV)	62,099,679	0		
PPE Closing Balance (NBV)	62,348,948	0		
PPE Average NBV	62,224,313	62,682,999	(458,686)	-0.73%
Total Working Capital Allowance	10,489,814	13,085,348	(2,595,534)	-19.84%
<b>Total Rate Base</b>	<b>72,714,127</b>	<b>75,768,347</b>	<b>(3,054,220)</b>	<b>-4.03%</b>
Veridian (2014)	Actual	OEB Decision (2013-0174) <sup>5</sup>	Variance (\$)	Variance (%)
PPE Opening Balance (NBV)	183,865,661	187,954,461		
PPE Closing Balance (NBV)	192,614,180	202,205,449		
PPE Average NBV	188,239,921	195,079,955	(6,840,034)	-3.51%
Total Working Capital Allowance	38,741,621	43,026,123	(4,284,502)	-9.96%
<b>Total Rate Base</b>	<b>226,981,542</b>	<b>238,106,078</b>	<b>(11,124,537)</b>	<b>-4.67%</b>

9  
10 Variance in rate base for Whitby and Veridian in their rebasing years were driven by  
11 variances in Working Capital Allowance due to an actual cost of power that was lower than  
12 what was forecast in the applications. Veridian also had a \$6.8M variance in net book value  
13 largely driven by the lower 2014 ISA than forecast as discussed earlier in this response.

14

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<sup>4</sup> EB-2009-0274, Decision – Proposed Settlement Agreement, page 4 of 25 (page 10 of 64 of the PDF)

<sup>5</sup> EB-2013-0174, Decision and Order – Settlement Proposal, page 8 of 54 (page 15 of 255 of the PDF).

- 1 c) The requested analysis is provided in the excel attachment noted in the response to b),  
2 above. Note, this analysis and table provide Net In-Service Additions not net capital  
3 expenditures. In System Access the 33% increase in Net ISA from 2020-2024 compared to  
4 2015-2019 period was due to an approximately \$12M increase in Externally Initiated Plant  
5 Relocations and approximately \$7M increase in Customer & Generation Connections. These  
6 increases were driven by the growth in the Regions. System Service had an increase driven  
7 mostly by the in-service additions of \$44M for the Seaton TS and for the Whitby TS true-up  
8 and the Seaton TS true-up as noted in 2-Staff-75. The increase of 42% in General Plant was  
9 driven by the new Belleville Service Centre of \$4.6M and approximately \$7M in cyber  
10 security, aging infrastructure upgrades and the Integrated Operations Centre upgrade.  
11
- 12 d) Please refer to the response in b), above.  
13

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 2-STAFF-83**

4

5   Fixed Asset Continuity Schedule

6   Ref 1: 2027 Chapter 2 Filing Requirements for Electricity Distribution Rate

7   Applications / December 16, 2025 / Section 2.2.2

8   Ref 2: EE\_Exhibit 2A-1-1(1)\_OEB App.2-AA-AB-BA-BB-C\_20251219

9   Ref 3: EE\_Exhibit 2A / Tab 2 / Schedule 1 / Table 1

10

11   Preamble:

12   OEB Staff notes that the application does not include historical actual capital expenditure and fixed  
13   asset continuity information for each legacy utility covering the period from the last OEB approved  
14   rebasings applications to 2019 in Refs 2 and 3. As a result, the 2020 opening balances used in  
15   Appendices 2-BA and 2-AB cannot be reconciled to previously OEB approved values.

16   Question(s):

17   a) Please provide the historical actual capital expenditures covering the period from each utility's  
18   last OEB-approved rebasing application to 2019 by each rate zone in Excel format.

19

20

21   b) Please update Appendices 2-AB and 2-BA in Ref 2 to reflect continuous historical data from the  
22   last OEB-approved rebasing years through 2019, including consolidated totals.

23

24

25   c) Please reconcile the 2019 ending consolidated balances in c) to 2020 opening balance in Ref 2  
26   and explain if any differences.

27

28   d) Please reconcile the updated Appendix 2-AB ("net capital expenditures") to the updated  
29   Appendix 2-BA ("capital additions") for the historical period from the last rebasing year(s) to 2019,

1 and explain any variances.

2

3 e) Please provide a table comparing the OEB-approved closing balances from the most recent  
4 rebasing application to the corresponding actual closing balances for that same year by rate zone,  
5 and explain the variances. The table should include, at a minimum: Gross property, plant and  
6 equipment, Accumulated depreciation and Net book value.

7

8

9

10 **RESPONSE:**

11 a) Elexicon has provided in-service addition (ISA) actuals by OEB category and DSP program for  
12 Whitby and Veridian in excel format as Attachment 1 to this response. The legacy Whitby  
13 and Veridian utility only reported on an ISA basis for OEB category information and did not  
14 keep records on the split of capital expenditures by OEB categories. The overall capital  
15 expenditure for each year for each legacy utility since last OEB approved rebasing year can  
16 be noted in Appendix 2-BA provided as Attachment 1 to 9-Staff-170 (refer to "Total PPE" in  
17 the "Additions" column for each respective year for the capital expenditure for each year).

18

19 b) Appendices 2-AA and 2-AB using Net ISA Historical actuals for Whitby and Veridian are  
20 provided in Attachment 2 to this response. Appendix 2-BA has been provided in 9-Staff-170.

21

22 c) Please refer to the response provided in 9-Staff-170. Note that the legacy utilities merged in  
23 April 2019.

24

25 d) Reconciliation for amounts provided in 2-AB and 2-BA is captured in the tables below for  
26 Veridian and Whitby.

1 **Table 1: 2-AB and 2-BA Reconciliation for Veridian and Elexicon**

	Veridian					Elexicon
	2014	2015	2016	2017	2018	2019
<i>App.2 AB per 2-Staff-83 (b)</i>						
Net ISA	20.51	21.38	24.11	23.41	23.08	42.70
Adjustments						
Add: CWIP Change in Year	(1.02)	1.37	2.29	1.21	5.98	7.32
Less: Other Non Rate-Regulated Utility Assets	0.00	(0.14)	0.01	0.00	0.00	0.00
Less: Socialized Renewable Energy Generation	(0.22)	(0.05)	(0.40)	(0.01)	0.00	0.00
<b>Total Adjusted Net ISA (2-AB)</b>	<b>19.27</b>	<b>22.57</b>	<b>26.00</b>	<b>24.61</b>	<b>29.06</b>	<b>50.02</b>
<i>2-BA (Fixed Asset Continuity)</i>						
Total PP&E for Rate Base Purposes	20.29	21.20	23.71	23.40	23.08	42.70
Total Construction Work in Progress	(1.02)	1.37	2.29	1.21	5.98	7.32
<b>Total PP&amp;E per 2-BA (9-Staff-170)</b>	<b>19.27</b>	<b>22.57</b>	<b>26.00</b>	<b>24.61</b>	<b>29.06</b>	<b>50.02</b>
<b>Variance 2-AB and 2-BA</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

2

3 **Table 2: 2-AB and 2-BA Reconciliation for Whitby**

WHITBY	2011	2012	2013	2014	2015	2016	2017	2018
<i>App.2 AB per 2-Staff-83 (b)</i>								
Net ISA	5.11	4.35	10.05	5.89	5.39	8.79	7.93	8.44
Adjustments								
Add: CWIP Change in Year	(0.05)	0.05	0.17	0.02	1.09	(0.79)	0.59	0.68
Less: Other Non Rate-Regulated Utility Assets	0.00	0.00	0.00	(0.39)	0.00	0.00	0.00	0.00
<b>Total Adjusted Net ISA (2-AB)</b>	<b>5.06</b>	<b>4.41</b>	<b>10.22</b>	<b>5.52</b>	<b>6.49</b>	<b>8.00</b>	<b>8.52</b>	<b>9.12</b>
<i>2-BA (Fixed Asset Continuity)</i>								
Total PP&E for Rate Base Purposes	5.11	4.35	10.05	5.50	5.39	8.79	7.93	8.44
Total Construction Work in Progress	(0.05)	0.05	0.17	0.02	1.09	(0.79)	0.59	0.68
<b>Total PP&amp;E per 2-BA (9-Staff-170)</b>	<b>5.06</b>	<b>4.41</b>	<b>10.22</b>	<b>5.52</b>	<b>6.49</b>	<b>8.00</b>	<b>8.52</b>	<b>9.12</b>
<b>Variance AB and BA</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

4

5 e) In the decision from Whitby's previous rebasing application (EB-2009-0274), the settlement  
6 included an approved rate base value but did not include approved values for Gross PP&E,  
7 Accumulated Depreciation, and Net Book Value. As such, for the analysis below, Elexicon  
8 used the approved values from the settlement from the Revenue Requirement Work Form.<sup>1</sup>  
9 For Veridian, the settlement included a revised Appendix 2-AB (Fixed Asset Continuity

<sup>1</sup> EB-2009-0274. Ontario Energy Board, Decision, December 10, 2010, 'Revenue Requirement Work Form' at page 58 of 64.

1 Schedule) for 2014<sup>2</sup>, however, this appendix was filed according to CGAAP, as Veridian had  
 2 not yet completed its transition to IFRS in 2014. In Tables 3 and 4 below, Elexicon has  
 3 compared the approved values from the previous rebasing application for Veridian and  
 4 Whitby. Elexicon adjusted the Veridian CGAAP PPE and Accumulated Depreciation values as  
 5 noted in the settlement document by prior year closing accumulated depreciation balance,  
 6 effectively making it comparable to the MIFRS actual values as only net PPE balances were  
 7 transferred to MIFRS ledger upon conversion. For actual values used in this analysis, Elexicon  
 8 used the amounts previously provided in the 2-BA schedule in its response to 9-Staff-170.

9

10 **Table 3: Variance Analysis of Approved PP&E, Depreciation, and Net Book Value**  
 11 **(Veridian) for 2014**  
 12

	ACTUAL			APPROVED			Variance
	2-BA from 9-Staff-170 (MIFRS)			Appendix 2-BA (Converted to MIFRS*)			
	PP&E	Accum Depr	NBV	PP&E	Accum Depr	NBV	NBV
<b>Total PP&amp;E for Rate Base</b>	202,975,517	(10,361,336)	192,614,180	213,437,720	(11,232,271)	202,205,449	(9,591,269)
<b>CWIP</b>	6,643,689	0	6,643,689	0	0	0	6,643,689
<b>Total PP&amp;E</b>	209,619,206	(10,361,336)	199,257,870	213,437,720	(11,232,271)	202,205,449	(2,947,579)

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\*Note: Elexicon adjusted gross cost and accumulated depreciation forecasted figures as approved by OEB to make it comparable to the MIFRS actual statements.

**Variance Explanation:**

Veridian's \$9.6 million Net Book Value variance in Total PP&E for rate base purposes is primarily attributable to lower-than-forecast investment in externally initiated plant relocation activity. This reduced 2014 activity resulted in lower additions to overhead and underground equipment.

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<sup>2</sup> EB-2013-0174. Ontario Energy Board, Decision and Order, April 10, 2014, 'Appendix 2-BA (Excluding WIP)' at page 72 of 255.

1                      **Table 4:                      Variance Analysis of Approved Rate Base (Whitby) for 2011**

	ACTUAL (2-BA from 9-Staff-170)			APPROVED (EB-2009-0274)**			Variance
	PP&E	Accum Depr	NBV	PP&E	Accum Depr	NBV	NBV
<b>Total PP&amp;E for Rate Base</b>	132,808,621	(70,459,673)	62,348,948	129,145,318	(66,462,319)	62,682,999	(334,051)
<b>CWIP</b>	296,416	0	296,416	0	0	0	296,416
<b>Total PP&amp;E</b>	133,105,037	(70,459,673)	62,645,365	129,145,318	(66,462,319)	62,682,999	(37,634)

2

3                      \*\*Note: Represents average values as noted in the revenue requirement work form

4                      **Variance Explanation:**

5                      Actual 2011 PP&E for Whitby was largely in line with OEB approved amounts.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2  
3   **INTERROGATORY 4-STAFF-115**

4  
5   Control Centre

6   Ref 1: Exhibit 4 / Tab 1 / Schedule 3 / p. 8 and 13 (PDF p. 72 and 77)

7   Ref 2: Exhibit 10 / Tab 1 / Schedule 1 / p. 4 (PDF p. 4)

8  
9   Preamble:

10   Elexicon Energy notes that to mitigate risks and ensure the System Control Centre  
11   remains adequately staffed and operationally resilient, the utility strategically decided to  
12   insource its System Operator apprenticeship training program and participate in apprenticeship  
13   initiatives to rebuild its internal resources and stabilize its workforce.

14  
15   On April 7, 2026 Elexicon Energy filed an evidence update that shows increased cost for the Control  
16   Centre of \$6M versus \$2.7M shown in the pre-filed evidence.

17  
18   Question(s):

- 19       a) Please explain the reason for the increase shown in the April 7, 2026 evidence in detail.
- 20       b) Please provide a detailed breakdown of this cost drives and provide a table that shows  
21       each FTE by title and year of hire or proposed time of hire.
- 22       c) Please state how many apprentices have been hired by Elexicon Energy to date  
23       and how many are anticipated to be added in the 2027 test year and the 2028-2031 test  
24       period.
- 25       d) Please elaborate on the costs to support the apprenticeship program.
- 26       e) Did Elexicon Energy receive any apprenticeship grants or loans?
- 27           i. If so, please quantify and elaborate.
- 28           ii.If not, why not. Please explain if a grant was sought.
- 29

1 **RESPONSE:**

2 a) Elexicon’s System Control Centre (“SCC”) has experienced a material decline in internal  
3 resourcing capacity over the past 18 months, driven by the attrition of both Apprentice  
4 Operators and Qualified Operators (“QOs”) following the filing of the Pre-filed Evidence.  
5 These developments and their underlying drivers are described in Exhibit 10 – Tab 2 –  
6 Schedule 1, p. 2–3.

7 As a result, the SCC entered 2026 with staffing levels that were not sustainable for a  
8 safety-critical, 24/7 function. This necessitated increased reliance on overtime and external  
9 contractors to maintain operations, as outlined in Exhibit 10 – Tab 2 – Schedule 1, p. 2–3  
10 see lines 13–26.

11 In response, Elexicon reassessed its SCC resourcing strategy. The April 2, 2026 evidence  
12 update reflects the outcome of that reassessment, including the transition away from a  
13 contractor-dependent model toward a sustainable internal workforce supported by an  
14 enhanced apprenticeship and training approach, as described in Exhibit 10 – Tab 2 –  
15 Schedule 1, p. 2 and 9.

16 The resulting resourcing plan is intended to restore internal capacity, support ongoing  
17 system operations, and stabilize the workforce over the rate term. The detailed drivers of  
18 the cost increase, including compensation adjustments, enhancements to the  
19 apprenticeship program, additional support roles, and the expanded operator  
20 complement, are set out in the response to 10-CCC-71 d, and in Exhibit 10 – Tab 2 –  
21 Schedule 1, p. 9–14.

22 Given the multi-year training requirements associated with Qualified Operator  
23 development, Elexicon must rely on a planned, internal training pipeline to rebuild  
24 capacity. Further detail on training requirements and workforce development is provided  
25 in Exhibit 10 – Tab 2 – Schedule 1, p. 6–7.

26 The increase in Control Centre segment costs reflected in the April 2, 2026 evidence is  
27 therefore a direct result of these measures to restore operational capability and transition  
28 to a sustainable and resilient internally qualified workforce model, with additional detail  
29 provided in the response to 10-CCC-71 d.

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b) Please refer to the response in 10-CCC-71 subpart a for the breakdown of cost components, 10-CCC-71 subparts b and d for the forecast methodology and details of the increase to the Control Centre segment, and 10-CCC-71 subpart h for planned FTEs by title and year.

c) Elexicon has interpreted this question as the number of apprentices hired since the beginning of 2026. Since the start of the year, Elexicon has not yet hired apprentices, however it will be hiring six apprentices by the end of the year. Of those six apprentices, three are new (incremental) positions and three are backfills of existing vacancies. For the 2027 to 2031 hiring plan, please refer to 4-Staff-103 which lists the planned hiring for apprentices (identified as 'System Operator-Trainee' in that interrogatory response).

d) Please refer to the description of the enhanced SCC Operator Apprenticeship Program in response to 10-CCC-71 subpart d.

e) i. Elexicon did not receive any grants or funding for System Operator Apprentices.  
ii. System Operator apprentices did not qualify for federal funding as it is an in-house training program and not a "registered" or apprenticeship or tied to a post-secondary program. It did not meet the "apprenticeship" definition used by federal funding streams.



1 **RESPONSE:**

2

3 d) The table below provides the requested information and includes the corresponding Other  
4 Revenue adjustment to Account 4305, as this adjustment, in addition to the requested  
5 GOCA adjustment, is required under Accounting Order 002-2023 to present total cable  
6 locate costs. Further information on the two adjustments under Accounting Order  
7 002-2023 is provided in Exhibit 4 – Tab 1 – Schedule 4, pp. 62–63.

8

9 **Table 1: Locate Segment Costs and Accounting Order Adjustments (2020–2031)**

IR	Description	Calc	Actual (\$000)						Forecast (\$000)					
			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
d(iii)	Locates Segment Costs (Pre-Adj.)	A	1,231	1,107	1,245	1,684	1,887	2,212	2,095	2,178	2,220	2,439	2,488	2,536
d(ii)	Costs resulting from Bill 93 recorded in GOCA variance account (Account 1508)	B				446	320	593	421					
	Costs approved in base rates recorded as Other Revenue (Account 4305)	C				1,125	1,567	1,619	1,674					
	Total adjustment	D = B+C				1,571	1,887	2,212	2,095					
d(i)	Locates Segment Costs (Post-Adj.)	E = A-D	1,231	1,107	1,245	113	0	0	0	2,178	2,220	2,439	2,488	2,536

10

11 i. The Locates segment cost increases are primarily driven by changes to locate volumes and  
12 Locate Service Provider (LSP) rates, as well as staffing levels to support these changes and cost  
13 for mapping updates, which is further described in the response to interrogatory 4-CCC-45 (b).  
14 Adjustment to Other Revenue and the GOCA variance account started in mid-2023 and  
15 continued through to 2026. The key cost drivers for this segment are further described in Exhibit  
16 4 – Tab 1 – Schedule 4, Section 6, and the accounting treatment of the GOCA variance account  
17 is further described in Exhibit 9 – Tab 3 – Schedule 5, Section 3.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 6-STAFF-150**

4

5   PILs Model

6   Ref 1: EE\_Exhibit 6-2-1(1)\_PILS Workform\_20251219

7   Ref 2: 2027 Income Tax/PILS Workform

8

9   Preamble: Elexicon filed its PILs model using the 2026 Income Tax/PILs Workform. Subsequent to  
10 the filing of the Application, the OEB released the 2027 Income Tax/PILs Workform.

11

12   Questions:

13   a) Please re-file the PILs model using the 2027 Income Tax/PILs Workform. Identify and explain any  
14 resulting changes to the PILs calculation.

15

16   If the use of the 2027 workform results in changes that affect responses to other tax- or  
17 revenue requirement related Interrogatories, please identify the affected Interrogatories and  
18 provide updated responses as necessary.

19

20

21   **RESPONSE:**

22       a) Please refer to the attachment provided in response to 6-SEC-88, which incorporates Bill C-  
23       15 changes.

24

25       Elexicon has customized the 2026 OEB workform to include 5 years of test years starting  
26       from 2027 to 2031 and to include changes related to Bill-C15. As such, in lieu of adopting  
27       and re-modifying the 2027 PILs Workform, Elexicon's existing modified 2026 Workform has  
28       been updated by OEB staff to incorporate the changes that were included in its 2027 PILs  
29       Workform issuance.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-162**

4

5   2027 DVA Continuity Schedule and Commodity Analysis Workform

6   Ref 1: EE\_Exhbit 9-1-1(1)\_DVA Continuity Schedule\_20251219

7   Ref 2: 2027 Deferral and Variance Account (Continuity Schedule) Workform

8   Ref 3: 2027 Commodity Accounts Analysis Workform

9

10   Preamble:

11   In Exhibit 9, Elexicon indicated that the 2025 Group 1 DVA balances were not finalized

12   at the time of filing and that placeholders were used in the DVA Continuity Schedule.

13   Elexicon also stated that it will review the 2025 Group 1 DVA balances against the

14   disposition threshold when the audited balances become available at a later stage in this

15   proceeding. In addition, Elexicon indicated that the Commodity Accounts Analysis

16   Workform for 2025 was not completed due to the unavailability of final 2025 audited balances and

17   will be provided when available.

18

19   Questions:

20   b) Based on the updated 2025 Group 1 balances, please demonstrate whether the

21   disposition threshold is met for the 2027 rate year and explain whether Elexicon is requesting

22   disposition as part of this application.

23   c) Please complete and file the Commodity Accounts Analysis Workform (2027 model) for the

24   applicable years.

25

26

27   **RESPONSE:**

28                   b) Based on the updated 2025 Group 1 balances, Elexicon confirms that the

29                   disposition threshold is met for the 2027 rate year and Elexicon is requesting Group 1

1 disposition as part of this application. As shown in Tables 1 and 2 below, the Group 1  
 2 Total Claims for both rate zones (2025 ending balances plus any identified adjustments  
 3 and projected interest) exceed the pre-set disposition threshold of \$0.001 per kWh  
 4 (debit or credit).

5 **Table 1: Veridian Rate Zone Threshold Test Results**

Total Metered kWh	A	2,782,973,531
<b>Threshold Test</b>		
Total Claim for Threshold Test (All Group 1 Accounts)	B	-9,197,178
Threshold Test (Total Claim per kWh)	B/A	-0.0033

6

7 **Table 2: Whitby Rate Zone Threshold Test Results**

Total Metered kWh	A	942,854,988
<b>Threshold Test</b>		
Total Claim for Threshold Test (All Group 1 Accounts)	B	- 3,342,856
Threshold Test (Total Claim per kWh)	B/A	- 0.0035

8

9 **c)** Please refer to the response in 9-Staff-189 for the revised Commodity Accounts  
 10 Analysis workform (2027 model) for WRZ. The revised Commodity Accounts Analysis  
 11 workform for VRZ (2027 model) is filed as part of the Exhibit 9 evidence update filed  
 12 April 2, 2026, for the applicable years.



1 recorded in Account 1508 - GOCA, supported by detailed calculations and Ref  
2 tie-outs.

3 c) Please clarify the purpose of the "DVA Adjustment (Locates)" shown in Ref 2 and  
4 explain how this adjustment differs from the actual amounts recorded in Account 1508 - GOCA.

5

6 d) Please clarify the statement of "the 'Locates cost related to Bill 93 is greater than the amount in  
7 the variance account. Elexicon has absorbed a portion of the Bill 93 costs, up to the amount  
8 determined to be in rates".

9

10 e) Please provide calculation support for the incremental price increases from third-  
11 party LSPs recorded and forecast in the GOCA deferral account, including the  
12 baseline rates used, escalation or inflation assumptions, actual and/or forecast rates applied, and a  
13 reconciliation to the incremental costs recorded.

14

15 f) Please provide supporting details for the incremental internal labour costs  
16 attributed to GOCA, including the basis for determining these costs are incremental and causally  
17 related to GOCA requirements

18 g) Please briefly explain the method used derive the 2026 amounts.

19

20

21 **RESPONSE:**

22 a) Elexicon notes that Reference 3 (OEB Appendix 2-JC) labels this amount as a 'DVA Adjustment'  
23 however, this reflects the total adjustment to the Locates segment costs that is related to the  
24 Accounting Order 002-2023 which includes both the GOCA adjustment and the corresponding  
25 Other Revenue adjustment. While an updated Appendix 2-JC has been filed as an attachment  
26 to 1-SEC-13, this response addresses the alignment of the references cited in the IR.

27 i) The locates segment costs in Table 12 of Reference 2 reconcile to the amounts shown  
28 in Reference 3, Row 29, for each corresponding year.

- 1        ii)        The sum of “Costs approved in base rates recorded as Other Revenue (Account 4305)”  
 2                    and “Costs resulting from Bill 93 recorded in the GOCA Variance Account (Account  
 3                    1508)” in Table 12 of Reference 2, reconciles to the amounts shown in Reference 3,  
 4                    Row 47.
- 5        iii)        The “Principal (variance)” amounts recorded in “1508 Sub Account – Getting Ontario  
 6                    Connected Act (GOCA)” shown in Reference 4, reconcile to the amounts presented in  
 7                    Table 12 of Reference 2 under “Costs resulting from Bill 93 recorded in GOCA Variance  
 8                    Account (1508),” and to the corresponding portion of the total “DVA Adjustment” for  
 9                    the Locates segment in Reference 3, Row 47. However, the GOCA-related portion  
 10                   cannot be separately identified in Reference 3, as the Reference 3 amounts are  
 11                   presented in aggregate for both adjustments. The table below provides a summary of  
 12                   the amounts shown in each reference.

13        **Table 1:                    Summary of Adjustments to the Locate Segment Costs (\$000)**

Ref	Description of Reference	Evidence Reference	2023 <sup>1</sup>	2024	2025 <sup>2</sup>	2026
2	Exhibit 4 / Tab 1 / Schedule 4 - Sustainment Program (Locates)	Costs approved in base rates recorded as Other Revenue (4305)	1,125	1,567	1,619	1,674
		Costs resulting from Bill 93 recorded in GOCA variance account (1508)	446	320	593	421
3	EE_Exhibit 4-1- 1(1)_OEB App.2- J_OM&A Programs_20251219	"DVA Adjustment" for Sustainment/Locates <sup>3</sup>	1,571	1,887	2,212	2,095
4	Exhibit 9 / Tab 3 / Schedule 5 / pp. 4-7	Exhibit 9 / Tab 3 / Schedule 5 / Table 8 / Page 7 of 28, Updated: 2026-04-02 - Principal (Variance) (\$)	446	320	593	421

1. 2023 amount reflects partial-year treatment, as the adjustments were implemented effective April 1, 2023  
 2. The 2025 amount shown is updated to reflect 2025 actuals, as the amount in Reference 2 was originally filed on a  
 forecast basis.  
 3. Reference 3 amounts are presented in aggregate for both adjustments

- 14
- 15        b) Please refer to Table 8: 1508 Sub-Account - Getting Ontario Connected Act (GOCA) - Elexicon,  
 16        filed as part of the Exhibit 9 Evidence Update on April 2, 2026 (Exhibit 9 - Tab 3 - Schedule 5, p. 7).  
 17        For clarity, consistent with the guidance provided in Account Order (002-2023) principal entries to

1 the GOCA Account are equal to locate costs related to Bill 92, plus locate costs not related to Bill  
2 93, less locate cost funding included in distribution rates escalated from Elexicon's legacy Cost of  
3 Service applications.

4

5 c) The "DVA Adjustment (Locates)" table in Ref 2 shows the calculation of amounts recorded in  
6 Account 1508 in accordance with Accounting Order (002-2023). The DVA Adjustment (Locates)  
7 presented, demonstrates the transfer of amounts from current year expenditures to the GOCA  
8 Account. Further detail on this accounting treatment is provided in 9-CCC-66.

9

10 d) To clarify the statement "Locates cost related to Bill 93 is greater than the amount in the  
11 variance account. Elexicon has absorbed a portion of the Bill 93 costs, up to the amount  
12 determined to be in rates", Elexicon did not record the total costs related to Bill 93 in the GOCA  
13 Variance account. Only the portion of costs incurred in excess of the amount embedded in base  
14 rates was recorded. In 2025, for example, the Locate costs related to Bill 93 were \$805,759 but only  
15 \$592,926 was put in the DV account, with the remainder absorbed by Elexicon through existing  
16 locates funding included in distribution rates. These amounts are shown in Table 8: 1508  
17 Sub-Account - Getting Ontario Connected Act (GOCA) - Elexicon, filed as part of the Exhibit 9  
18 Evidence Update on April 2, 2026 (Exhibit 9 - Tab 3 - Schedule 5, p. 7).

19

20 e) Elexicon contracts field execution locates through four LSPs, as part of its membership through  
21 Locate Alliance Consortium (LAC). Under the LAC joint RFP process, each LSP sets rates on a yearly  
22 basis, which vary depending on whether a locate can be cleared through an office lookup or  
23 requires field confirmation. For field locates, rates also depend on the number of segments (or  
24 units) associated with the locate request, whether the request is standard or emergency (during or  
25 after business hours), and the number of utilities included in the request, with higher utility counts  
26 resulting in lower per-utility rates. LSP rates also include administrative fees. Additional charges for  
27 photo documentation and plant damage investigations may also apply, where applicable, which are  
28 not considered in LSP costs included in the GOCA variance account.

29

1 To estimate the cost impact of Bill 93 in 2023, Elexicon established a baseline rate representing  
2 expected LSP costs absent Bill 93 by escalating the 2022 actual rates invoiced by each LSP by 3% for  
3 inflation. For each LSP, the difference between the resulting 2023 baseline rate and the actual 2023  
4 rates, both applied to actual locate volumes from April 2023 onward, was calculated. The  
5 aggregated differences across all LSPs were recorded in the GOCA variance account for 2023.

6

7 The methodology used in 2024 and 2025 is the same as that applied in 2023. For 2024, the baseline  
8 rate for each LSP was updated by escalating the 2023 baseline rates on an LSP-specific basis, by 2%  
9 or 3% based on historical increases. For each LSP, the difference between the 2024 baseline rate  
10 and the actual 2024 rates, both applied to actual locate volumes, was calculated, and the  
11 aggregated differences across all LSPs were recorded in the 2024 GOCA variance account. The same  
12 approach was applied in 2025, using 2024 baseline rates escalated on a monthly, LSP-specific basis,  
13 with resulting variances recorded in the 2025 GOCA variance account.

14

15 For 2026, the amount recorded in the GOCA variance account was estimated based on the 2025  
16 recorded amount, escalated by LSP-specific inflation factors ranging from 2.5% to 4.0%, reflecting  
17 the continuation of incremental Bill 93-related rate impacts applied to forecast locate volumes.

18

19 The supporting calculations for the incremental price increases from third-party LSPs recorded and  
20 forecast in the GOCA deferral account, as described above, including the baseline rates used,  
21 escalation or inflation assumptions, actual and/or forecast rates applied, and a reconciliation to the  
22 incremental costs recorded is provided in the attached Excel file 9-Staff-168(1)\_Locates\_GOCA\_LSP  
23 Prices.

24

25 f) Incremental internal labour costs reflect the establishment of a new team in 2024, with internal  
26 labour costs in 2024 associated with the hiring of a Locates Supervisor in July 2024 and  
27 administrative staff in December 2024, with full-year costs reflected in 2025 and 2026. Further  
28 information on the new positions is provided in the response to 4-Staff-118 Part e). The

- 1 incremental and causal relation to GOCA requirements is described in Exhibit 4 - Tab 1 - Schedule 4,
- 2 p.64 (lines 1-13).
- 3
- 4 g) Please refer to the response to Part e).



1 OEB staff notes that the amounts calculated under the 50% rule in cells I72, I83, I103,  
2 and I114 for the 2019 and 2020 Actual Tax Returns, as presented in the “VRZ - CCA\_w  
3 accel CCA” tab (Ref 3) are negative.

4  
5 OEB staff further notes that in tab “WRZ - CCA - w accelerated” of Ref 3, values are calculated  
6 under the 50% rule for all tax returns from Q1 2019 through 2024, as well as for the 2025 and 2026  
7 tax forecasts, based on additions related to AIIP. In the same tab, a net adjustment of \$444,914 is  
8 shown in cell G55; however, this adjustment does not appear in the corresponding “WRZ - CCA -  
9 wo accelerated” tab.

10  
11 In addition, OEB staff observes that, in the “WRZ - CCA - wo accelerated” tab, WIP is the only item  
12 to which the 50% rule was not applied in the 2018 Actual Tax Return, in contrast to the 2019 Actual  
13 Tax Return in the same tab, and to both the 2018 and 2019 Actual Tax Returns in the “WRZ - CCA -  
14 w accelerated” tab.

15  
16 Questions:

17 a) Please describe the circumstances under which Elexicon would propose making  
18 further entries to Account 1592 in the future and confirm whether any such use would be subject  
19 to OEB approval in a future proceeding.

20 b) Please confirm whether the continued application of accelerated CCA treatment in Elexicon’s  
21 2027 test-year calculations could give rise to additional variances eligible for recording in  
22 Account 1592, and if not, please explain how accelerated CCA impacts are proposed to be fully  
23 addressed through base rates rather than through further use of the variance account.

24 c) Please confirm whether Elexicon agrees with the OEB staff’s observations in Ref 3.

25 i) If so, please update the file to reflect the correct calculation.

26 ii) if not, please explain the reasons for the inconsistencies identified within the file.

27 d) Please review Ref 3 in its entirety and confirm that all calculations are correct, in  
28 addition to addressing the specific observations made by OEB staff.

29

1

2 **RESPONSE:**

3 a) Once Elexicon disposes of the 1592 forecast balance (forecasted till 2026) by the end of 2027,  
4 account 1592 will be used i) to capture any difference between 2026 PILS forecast and the 2026  
5 final actual balance, ii) reduce the 1592 balance with the amount of disposal in 2027. Elexicon  
6 does not anticipate making new entries to this account over the 2027 to 2031 period but has  
7 proposed maintaining the sub-account to capture any changes in accelerated CCA policies over  
8 this time period.

9

10 b) As Elexicon's proposed 2027 to 2031 rates will be based on higher levels of accelerated CCA rates  
11 based on the passing of Bill C-15, there is no need to book entries in 1592 for the difference  
12 between accelerated and non-accelerated CCA in future years. Furthermore, for 2027-2031  
13 period Elexicon is not seeking any funding for PILS in distribution rates as a result of the  
14 application of the loss carry forward balances.

15

16 c) Not confirmed.

17 ii. The negative amounts the cells I72, I83, I103, and I114 (column H in the working excel  
18 model) in tab "WRZ - CCA - w accelerated" of Ref 3 for 2019 and 2020, relate to asset  
19 dispositions during the year appropriately included in the 50% rule column. The half year  
20 rule is not used to calculate the CCA amounts shown for these years.

21

22 d) Tab "WRZ - CCA - w accelerated" has an amount in 50% column as noted above, however CCA  
23 amounts are calculated without application of the half year rule. The reduced UCC column is  
24 relying on 100% of additions in order to calculate CCA correctly. The net adjustment of \$444,914  
25 previously excluded in error from the "WRZ - CCA - wo accelerated" tab is now included as an  
26 Account 1592 liability after the passage of Bill C-15. All CCA calculations in "WRZ - CCA - wo  
27 accelerated" are correctly done using half year rule.

28 • Please refer to the response to 9-SEC-98 for updated Account 1592 calculation for  
29 Veridian Rate Zone and Whitby Rate Zone, and

- 1           • Please refer to the response to 6-SEC-88 for the updated PILS model including impacts  
2           of Bill C-15.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-180**

4

5   Reinstated Accelerated Investment Incentive and Other Tax Incentives

6   Ref 1: 2025 Federal Budget, Chapter 1, Section 1.2 Supercharging Growth

7   Ref 2: Legislation passes to implement Budget 2025: Canada Strong

8   Ref 3: Exhibit 6 / Tab 2 / Schedule 1

9   Ref 4: 2027 Income Tax/PILS Workform

10   Ref 5: EE\_Exhibit 9-3-5(6)\_Accelerated CCA PILs Impact\_20251219

11   Ref 6: Exhibit 9 / Account 1592 - Sub-account CCA Changes

12

13   Preamble

14   Per reference 1, Budget 2025 introduced the “Productivity Super-Deduction”, a suite of  
15   federal income tax measures intended to accelerate capital cost recovery for eligible investments.

16   As announced in Budget 2025 and enacted through Bill C-15, the Budget Implementation Act, 2025,  
17   No. 1, these measures establish a new accelerated capital cost allowance (CCA) framework  
18   applicable to capital investment acquired after 2024.

19

20   Budget 2025 announces the government’s intention to move forward with all previously  
21   announced measures that would allow businesses to write off the cost of their  
22   investments more quickly:

23   • Reinstatement of the Accelerated Investment Incentive, which provides an enhanced first-year  
24   write-off for most capital assets.

25   • Immediate expensing (i.e., 100-per-cent first-year write-off) of manufacturing or processing  
26   machinery and equipment.

27   • Immediate expensing of clean energy generation and energy conservation equipment, and zero-  
28   emission vehicles.

29   • Immediate expensing of productivity-enhancing assets, including patents, data network

1 infrastructure, and computers.  
 2 • Immediate expensing of capital expenditures for scientific research and experimental  
 3 development.

4  
 5 Prior to Budget 2025, accelerated CCA treatment was provided under the Accelerated  
 6 Investment Incentive Program (AIIP) enacted through Bill C-97, the Budget Implementation  
 7 Act, 2019, No. 1. AIIP applied to eligible property acquired after November 20, 2018 and  
 8 was a temporary measure that phased out and ceased to apply to capital acquisitions after  
 9 2024. Under Bill C-97, AIIP phased out from 2024 to 2027 and completely ease from 2028.  
 10 Per reference 2, Bill C-15, the Budget Implementation Act, 2025, No. 1, received Royal  
 11 Assent on March 26, 2026 and legislatively implements the tax incentives listed above,  
 12 including the reinstatement of the AIIP to its full effect in 2025.

13  
 14 Question(s):

15 a) Please provide the PILs model applying the tax incentives including the reinstated AIIP for  
 16 eligible capital assets and other applicable tax incentives in Budget 2025.

17 b) compare the PILs expense and Account 1592 balance:

18 i) applying RIIP and other applicable tax incentives in Budget 2025; and

19 ii) using the current method proposed by [utility name] using the table below:

20

21

22 Test Year PILs Expenses

23

	2027	2028	2029	2030	2031	Account 1592 balance as of 2026
<b>Applying full RIIP and DIEP from 2025 to 2031 - a</b>	0	0	0	0	0	\$10,094,738

<b>Applying phase-out AIPP from 2025 to 2027 and reverse back to half-year rule from 2028 to 2031 - b</b>	0	0	0	0	0	\$8,365,134
<b>Differences (a-b)</b>						\$1,729,604

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12

**RESPONSE:**

- a) Please refer to 6-SEC-88 for an updated PILs model which includes all tax incentives as per the 2025 budget.
- b) There is no variance in PILs included within distribution rates, as \$0 PILs are included in rates both with and without implementation of tax incentives included in the 2025 budget. With respect to Account 1592, the principal balance as of 2026 is \$8,897,759 (balance for disposition including carrying charges \$10,094,738) and was calculated based on the full RIIP and DIEP impacts from Bill C-15 changes to CCA calculation. Please refer to the response to 9-SEC-98 for the updated calculation.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-181**

4

5   Interrogatory Questions from Round 1

6   Ref 1: Interrogatory response to 2-Staff-83 / Fixed Asset Continuity Schedule / May 8, 2026

7   Ref 2: Interrogatory response to 6-Staff-147 / Tax Credits / May 8, 2026

8   Ref 3: Interrogatory response to 6-Staff-150 / PILs Model / May 8, 2026

9   Ref 4: Interrogatory response to 9-Staff-168 / Account 1508: Getting Ontario Connected Act  
10 (GOCA) Variance Account / May 8, 2026

11   Ref 5: Interrogatory response to 9-Staff-171 / Account 1592 Sub-account CCA  
12 Changes / May 8, 2026

13   Ref 6: Interrogatory response to 9-Staff-180 / Reinstated Accelerated Investment Incentive and  
14 Other Tax Incentives / May 8, 2026

15

16   Preamble:

17   In Refs 1-6, Elexicon Energy indicated that the responses to the interrogatories would  
18   be provided in the second round. In Ref 21, Elexicon referred to an attachment provided  
19   in response to SEC2 interrogatory, which shows updated PILS model reflecting Bill C-15. However,  
20   notwithstanding this reference, Elexicon's response<sup>3</sup> remained "This interrogatory will be  
21   addressed in the second round."

22

23   Questions:

24   a) Please provide complete responses to the outstanding questions identified in

25   Refs 1-6.

26

27   **RESPONSE:**

28       a) The outstanding responses identified in References 1–6 have been filed in this round.

29       Please refer to the responses to Interrogatories 2-Staff-83, 6-Staff-150, 9-Staff-168,

1 9-Staff-171, and 9-Staff-180 for the respective responses. For Reference 2 (6-Staff-147 - Tax  
2 Credits), please refer to the response to 6-SEC-88.

3

4 As noted in 1-Staff-1, certain OEB workforms were to be provided in this second round and  
5 have now been filed. Specifically, the revised PILs Workform is provided in the response to  
6 6-SEC-88, the revised DVA Continuity Schedules (Elexicon, Veridian Rate Zone, and Whitby  
7 Rate Zone) are provided in the response to 9-Staff-182. As a result of these updated  
8 schedules the DVA rate riders have changed. An updated proposed 2027 tariff schedule  
9 and updated bill impacts model, reflecting all revisions arising from both rounds of  
10 interrogatories, are filed as attachments to this response. Please see the attached Excel  
11 files "9-Staff-181(1)\_Bill Impacts Model (2027-2031)" and "9-Staff-181(2)\_ Proposed Tariff  
12 Schedule (2027)".

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-182**

4

5   DVA Continuity Schedule

6   Ref 1: EE\_Exhibit 9-1-1(1)\_DVA Continuity Schedule - EE\_20260402 / 2b. Continuity Schedule Group

7   2

8   Ref 2: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402 / 2b. Continuity Schedule

9   Group 2

10   Ref 3: EE\_Exhibit 9-1-1(3)\_DVA Continuity Schedule - WRZ\_20260402 / 2b. Continuity Schedule

11   Group 2

12

13   Preamble:

14   In Refs 1, 2, and 3, Elexicon Energy presented two sets of section for the year 2026:

15   columns BM to BV and columns BW to BZ. OEB staff notes that while the amounts are

16   not duplicated, the presence of two 2026 column groupings results in a duplication of column

17   structure. Specifically, the OEB approved principal and interest disposition

18   amounts for 2026 are shown in columns BW and BX, even though 2026 disposition

19   columns are already included within the main 2026 continuity as columns BO and BT, respectively.

20

21   Questions:

22   a) Please revise the continuity schedules to remove columns BW to BZ and reflect

23   the 2026 OEB approved principal and interest disposition amounts within the main 2026 continuity

24   columns, specifically columns BO and BT.

25

26   **RESPONSE:**

27       a) Please refer to the attached Excel files 9-Staff-182(1)\_DVA Continuity Schedule – EE, 9-

28               Staff-182(2)\_DVA Continuity Schedule – VRZ and 9-Staff-182(3)\_DVA Continuity Schedule –

29               WRZ which provide the revised EE, VRZ and WRZ DVA workforms, respectively. The

1 schedules have been updated to remove columns BW to BZ and to reflect the 2026  
2 OEB-approved principal and interest disposition amounts within the main 2026 continuity  
3 columns (specifically columns BO and BT), as requested.

4

5 In addition, the following updates were made to the relevant revised DVA workforms:

- 6 i. Updated PILs balances and interest to reflect CCA changes (6-SEC-88)  
7 ii. Updated Cloud Computing DVA interest amount (4.1-PWU-09)  
8 iii. Updated billing determinants (3-SEC-68) (9-Staff-185)  
9 iv. Updated Metered kWh and Metered kW for Non-RPP customers to include  
10 Wholesale Market Participants (9-Staff-183)  
11 v. Updated to reflect Account 1595 (2025) as a 2025 principal adjustment rather than  
12 an OEB-approved 2025 disposition (9-Staff-184)  
13 vi. Added test year Class A forecast consumption and demand data for transition  
14 customers and full year Class A customers (9-Staff-186)



1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2  
3   **INTERROGATORY 9-STAFF-184**

4  
5   Account 1509 / Account 1595 Recording in 2025

6   Ref 1: Elexicon Energy 2025 IRM application /EB-2024-0016/Decision and Order/December 12,  
7   2024

8   Ref 2: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402 / 2a. Continuity Schedule  
9   Group 1

10  
11   Preamble:

12   Ref 1 directed that the approved balance of \$4,172 from Account 1509 be recorded in  
13   Account 1595 (2025), as the amount was approved for disposition at a later date. In the  
14   same application, Elexicon Energy did not request the disposition of the Veridian Rate Zone's (VRZ)  
15   Group 1 deferral and variance account balances. However, as shown in Ref 2 (cell BE39) an amount  
16   of \$4,172 is recorded in the "OEB-approved disposition during 2025" column for Account 1595  
17   (2025).

18  
19   Question(s):

20   a) Please confirm whether the \$4,172 recorded in the continuity schedule is related  
21   to the 2025 IRM Decision and Rate Order direction regarding the transfer of the Account 1509  
22   balance to Account 1595 (2025).

23   i) If confirmed, please revise the continuity schedule to reflect the \$4,172 as a principal adjustment  
24   during 2025 to Account 1595 (2025) because the OEB's direction in Ref 1 was to transfer the  
25   approved amount from Account 1509 to Account 1595 (2025), and remove it from the OEB-  
26   approved disposition during 2025 column.

27   ii) If not confirmed, please explain why it is treated as OEB approved disposition in 2025.  
28

29   **RESPONSE:**

- 1 a) Elexicon confirms that the \$4,172 recorded in the continuity schedule is related
- 2 to the 2025 IRM Decision and Rate Order direction regarding the transfer of the Account 1509
- 3 balance to Account 1595 (2025).
- 4 i) Elexicon has revised the continuity schedule to reflect the \$4,172 as a principal adjustment during
- 5 2025 to Account 1595 (2025) and removed it from the OEB-approved disposition during 2025
- 6 column. See updated DVA Continuity Schedule filed as Attachment 2 to 9-Staff-182
- 7 ii) N/A

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3                   **INTERROGATORY 9-STAFF-185**

4           No. of Customers/Connections

5           Ref 1: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402/4. Billing Determinants

6           Ref 2: EE\_Exhibit 9-1-1(3)\_DVA Continuity Schedule - WRZ\_20260402/4. Billing

7           Determinants

8           Ref 3: EE\_Exhibit 9-1-1(1)\_DVA Continuity Schedule - EE\_20260402/4. Billing Determinants

9           Ref 4: EE\_Exhibit 7-1-1(1)\_Cost Allocation Model (2027)\_20251219/I6.2 Customer Data

10          Ref 5: EE\_Exhibit 3\_Customer and Load Forecast\_20251219/Table 31

11          Ref 6: EE\_Exhibit 8-1-1(4B)\_Proposed Tariff Schedule (2027)\_20251219

12          Preamble:

13

		A	B	C	D	E=C+D	F=A-B	G=A-E	H=B-E	I	J	K
		Ref 5: Table 31	Refs 1-3: BD in DVACS			Calculated	Variance			Ref 4: Cost Allocation Model		
Customers / Devices	Units	2027 Forecast	EE	WRZ	VRZ	EE	LF vs Filed EE	LF vs Cal EE	Filed EE vs Cal EE	# of Lights	# of Connections	# of Customers
Residential	Customers	172,854	172,854	48,234	124,619	172,854	0	0	-			
Res. Seasonal	Customers	1,552	1,552	-	1,552	1,552	0	0	-			
GS<50	Customers	12,257	12,257	2,572	9,685	12,257	(0)	(0)	-			
GS 50 - 2,999	Customers	1,501	1,501	407	1,094	1,501	(0)	(0)	-			
GS 3,000 - 4,999	Customers	18	18	6	12	18	(0)	(0)	-			
Large Use	Customers	7	7	-	7	7	(0)	(0)	-			
Street Light	Lights	48,136	26	26	721	747	48,110	47,389	(721)	48,136	24,068	10
Sentinel Light	Lights	274	10	10	10	20	264	254	(10)	274	274	26
USL	Connections	1,114	1,114	393	26	419	(0)	695		N/A	1,114	921
<b>Total</b>		<b>237,713</b>	<b>189,340</b>	<b>51,649</b>	<b>137,727</b>	<b>189,376</b>	<b>48,373</b>	<b>48,337</b>	<b>36</b>			

14

15          OEB staff has compiled the reconciliation table above comparing the number of customers,  
 16          connections, and lights across Refs 1 through 5. OEB staff notes that while the majority of customer  
 17          classes reconcile across the references, there are material inconsistencies for the Street Light,  
 18          Sentinel Light, and USL classes. In particular, the number of lights and/or connections reported by  
 19          rate zone does not reconcile to the Elexicon Energy total, nor do the values reported in the DVA  
 20          Continuity Schedules align with those shown in the Cost Allocation Model or the customer  
 21          forecasts. These inconsistencies are most pronounced for the Street Light and Sentinel Light  
 22          classes, and for the USL class, where the number of connections diverges materially between  
 23          exhibits. In Ref 6 (Proposed Tariff Schedule), Street Light and Sentinel Light monthly service  
 24          charges are applied per light, while USL monthly service charges are applied per connection.

1 However, OEB staff notes that the billing determinants used in Refs 1-3 are inconsistent with these  
2 approved billing units.

3

4 Questions:

5 a) Please update the DVA Continuity Schedules (Refs 1-3) to reflect the correct billing units and the  
6 corresponding number of lights and/or number of connections for the Street Light, Sentinel Light,  
7 and USL classes, consistent with the billing units set out in Ref 6. Please provide revised tables and  
8 clearly identify all changes made.

9

10

11 **RESPONSE:**

12 Table 1 below provides the counts used in the updated Customer and Load Forecast filed as  
13 Attachment 1 to 3-SEC-68. Table 2 provides the counts used in the updated DVA Continuity  
14 Schedules filed as 9-Staff-182 Attachments 1, 2, and 3.

15

16 The Street Light, Sentinel Light, and USL counts are used in the Veridian and Whitby DVA Continuity  
17 Schedules to allocate 1518 Retail Cost Variance Account – Retail and 1548 Retail Cost Variance  
18 Account – STR balances to rate classes. All rate riders billed to these classes are volumetric so the  
19 counts are not used to calculate rate riders. Customer counts are not used in the Elexicon DVA  
20 Continuity Schedule (9-Staff-182 Attachment 1).

21

22 Amounts in 1518 Retail Cost Variance Account – Retail are related to customer billing and amounts  
23 in 1548 Retail Cost Variance Account – STR are related to service transaction requests. The  
24 underlying costs are driven by the number of customer accounts, rather than the number of billing  
25 units, so it is appropriate to allocate these accounts based on the number of customers. This  
26 approach better aligns the allocation of the DVA balances with the allocation of related costs within  
27 the Cost Allocation Model. The number of customers have been entered in to the “# of Customers”  
28 column in tab 5 of the Veridian and Whitby DVA Continuity Schedules.

29

1

**Table 1: Summary of Counts in the Load Forecast**

Rate Class	Count Type	Counts			Load Forecast (3-SEC-68)		
		EE	VRZ	WRZ	EE	VRZ	WRZ
Residential	Customers	169,458	122,282	47,177	169,458	122,282	47,177
Res. Seasonal	Customers	1,546	1,546		1,546	1,546	
GS<50	Customers	12,170	9,633	2,538	12,170	9,633	2,538
GS 50 - 2,999	Customers	1,516	1,104	412	1,516	1,104	412
GS 3,000 - 4,999	Customers	13	8	5	13	8	5
Large Use	Customers	6	6		6	6	
Street Light	Lights	45,775	33,884	11,891	45,775	33,884	11,891
	Customers	26	25	1			
Sentinel Light	Lights	261	222	38	261	222	38
	Customers	10	9	1			
USL	Connections	1,159	789	371	1,159	789	371
	Customers	921	596	325			
<b>Total</b>					<b>231,905</b>	<b>169,473</b>	<b>62,432</b>

2

3

**Table 2: Summary of Counts in the DVA Continuity Schedules**

Rate Class	Count Type	Counts			9-Staff-182(1)	9-Staff-182(2)	9-Staff-182(3)
		EE	VRZ	WRZ	EE	VRZ	WRZ
Residential	Customers	169,458	122,282	47,177	169,458	122,282	47,177
Res. Seasonal	Customers	1,546	1,546		1,546	1,546	
GS<50	Customers	12,170	9,633	2,538	12,170	9,633	2,538
GS 50 - 2,999	Customers	1,516	1,104	412	1,516	1,104	412
GS 3,000 - 4,999	Customers	13	8	5	13	8	5
Large Use	Customers	6	6		6	6	
Street Light	Lights	45,775	33,884	11,891			
	Customers	26	25	1	26	25	1
Sentinel Light	Lights	261	222	38			
	Customers	10	9	1	10	9	1
USL	Connections	1,159	789	371			
	Customers	921	596	325	921	596	325
<b>Total</b>					<b>185,667</b>	<b>135,209</b>	<b>50,459</b>

4

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-186**

4

5   Test year forecast for transition and full year class A customers

6   Ref 1: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402/6. Class A Consumption Data

7   Ref 2: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402/7. Rate Rider Calculations

8   Ref 3: EE\_Exhibit 9-1-1(3)\_DVA Continuity Schedule - WRZ\_20260402/6. Class A Consumption Data

9

10   Preamble:

11   In Ref 1, forecast consumption and demand data are not provided for either transition  
12   customers or full-year Class A customers. As a result, the Rate Rider Calculations for  
13   Account 1580, sub-account CBR Class B in Ref 2 include consumption and demand  
14   associated with Class A customers when calculating a Class B only rate rider which is incorrect. WRZ  
15   doesn't have CBR Class B rate rider so it is not impacted.

16

17   In Ref 3, forecast consumption and demand data are not provided for either transition  
18   customers or full-year Class A customers.

19

20   Questions:

21   a) Please confirm if OEB staff's observation is correct.

22   i) If confirmed, please provide forecast consumption and demand data for transition customers and  
23   full year Class A customers in Refs 1 and 3.

24   ii) If not confirmed, please explain why test year forecast consumption and demand data are not  
25   provided for transition customers and full year Class A customers. In particular, please explain why  
26   no forecast is provided for full year Class A customers and whether Elexicon Energy expects these  
27   customers to exist in the test year.

28

29

1     **RESPONSE:**

2           a) Confirmed. OEB staff's observations are correct. Elexicon notes, however, that the WRZ  
3           does include a Class B CBR rate rider, as further explained in part (i) below.

4           i) The test year forecast consumption and demand data for transition customers and full  
5           year Class A customers are included in the updated DVA Continuity Schedules filed as  
6           Attachments 2 and 3 to 9-Staff-182.

7

8           Elexicon notes that the WRZ does include a proposed CBR Class B rate rider. The CBR rate  
9           rider is in hidden rows in the model (see Attachment 3 to 9-Staff-182, Tab 7.Rate Rider  
10          Calculations, hidden rows 68-93). Consistent with VRZ, the WRZ Workform has been  
11          updated to incorporate forecast consumption and demand data for transition customers  
12          and full year Class A customers which has corrected the calculation of the proposed WRZ  
13          CBR rate rider.

14

15          ii) N/A



1 OEB staff has compiled table below to show the differences by year.

2

<b>Class B Consumption for Transition Customers</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Per Tab 6.1a GA Allocation	10,163,762	6,277,123	9,344,740
Per Tab 6. Class A Consumption Data	5,146,622	4,480,513	2,482,918
<b>Variance</b>	<b>5,017,140</b>	<b>1,796,610</b>	<b>6,861,822</b>

3

4

5 Questions:

6 a) Please confirm whether OEB staff's observation above is correct.

7 i) If confirmed, please update Ref 1, Section 3a to include only transition customers for each

8 applicable year and update the above reconcile table to demonstrate they reconcile.

9 ii) If not confirmed, please explain why full year Class B customers are included in the transition

10 customer consumption and demand calculations.

11

12 b) Please confirm whether all non-transition customers included in Section 3a have been excluded

13 from Section 3b.

14 i) If not confirmed, and if question a) is confirmed, please include the non-transition customers'

15 kWh and kW from Section 3a in Section 3b.

16

17

18 **RESPONSE:**

19 a) Elexicon does not agree with OEB staff's observation. The approach taken is consistent with

20 that reflected in the Rate Generator Model that accompanied the Decision and Order in

21 Elexicon's EB-2020-0012 (Whitby Rate Zone) IRM proceeding, dated December 10, 2020.

22 This approach is also consistent with the Instructions for the DVA Continuity Schedule –

23 2027 Rates<sup>1</sup>, which require that transition customers be allocated a customer-specific

---

<sup>1</sup>Deferral and Variance Account Workform Instructions

<https://www.oeb.ca/sites/default/files/2027%20DVA%20Continuity%20Schedule%20Instructions.pdf>

1 portion of the balance based on consumption during the accumulation period and not be  
2 subject to the general GA rate rider. This framework further requires that customers be  
3 treated consistently over the full disposition period. Elexicon interprets this to mean that  
4 customers are to be treated exclusively as either transition or non-transition for the  
5 purposes of the rate rider within a given disposition period.

6  
7 Full-year Class B periods for transitioning customers are included in the transition customer  
8 consumption and demand calculations because the allocation is based on consumption  
9 over the entire accumulation period, consistent with the DVA Continuity Schedule  
10 instructions. Including periods where transitioning customers are Class B for a full year  
11 ensures that each customer receives a customer-specific allocation reflecting their share of  
12 GA-eligible consumption during the period in which the balance was accumulated, and  
13 supports consistent treatment across the full disposition period. The alternative approach  
14 would require separate annual allocations applied to annual balances, resulting in multiple  
15 general GA rate riders for each year within the accumulation period, rather than a single  
16 rider to dispose of the accumulated balance. It would also result in certain transitioning  
17 customers being subject to both a transition rider and a general GA rider in 2027, which is  
18 inconsistent with the intended treatment.

19  
20 b) Elexicon confirms that it has populated 3b as per the Filing Instructions “the total Class A  
21 consumption for full year Class A customers in each rate class for each year.”

22 For clarity, over the 2023-2025 accumulation period, Elexicon had a total of 486,400,231  
23 kWh for customers that were classified as Class A during that period, including both  
24 transitioning and non-transitioning customers.

25  
26 For example, in the WRZ, due to 5 transitioning customers, the kWh breakdown between non-  
27 transitioning Class A customers and transitioning customers, including both their Class A and  
28 Class B consumption for the 2023-2025 accumulation period is shown in the table below.

1 **Table 1: WRZ Class A and Class B kWh Breakdown (2023–2025)**

	Non-Transitioning Class A Customers (2023–2025 Accumulation Period)	Transitioning Customers (2023–2025 Accumulation Period)	Total by Classification
Class A	448,561,017 (C)	12,053,588 (B)	460,614,607
Class B		25,785,625 (E)	25,785,625
Total by Customer Type	448,561,017	37,839,214	486,400,231

2

3 For ease of reference, the (B), (C) and (E) are cross referenced to 6.1a GA Allocation of the DVA  
 4 Workform filed as an attachment to 9-Staff-182.

5

6 In the model, Elexicon has accounted for all kWh for the Class A customers (transitioning and  
 7 non-transitioning) for the 2023-2025 accumulation period. Over this 3-year period, the  
 8 transitioning customers had 25,785,625 kWh while they were Class B and therefore accounted  
 9 for 3.87% of the GA balance that accumulated over the period.

10

11 These customers will not be subject to the proposed 2027 GA rate rider, even those that are  
 12 now Class B. Rather, each transitioning customer will be assigned the calculated one-time  
 13 charge reflecting their percentage share of the total Class B consumption between 2023-2025  
 14 accumulation period, applied to the total GA balance accumulated during that period.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 9-STAFF-188**

4

5   Consumption Reconciliation - WRZ

6   Ref 1: EE\_Exhibit 9-1-1(3)\_DVA Continuity Schedule - WRZ\_20260402/ 6.2a CBR\_B Allocation

7   Ref 2: EE\_Exhibit 9-1-1(5)\_Commodity Accounts Analysis Workform - WRZ\_20260402

8

9   Preamble:

10   OEB staff has compiled table below with consumption data from Refs 1 and 2 to show

11   the consumption differences by year:

Commonity Analysis WF - GA 2023, GA 2024 & GA 2025		2023	2024	2025
Total Metered excluding WMP	C = A+B	879,488,735	908,924,220	939,354,947
RPP	A	514,835,840	531,719,289	554,377,435
Non-RPP	B = D+E	364,652,895	377,204,931	384,977,511
Non-RPP Class A	D	153,628,914	154,561,757	152,466,114
Non-RPP Class B	E	211,023,981	222,643,174	232,511,397
<b>DVA CS - 6.2a CBR_B Allocation</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>
Total Consumption Less WMP Consumption	F	879,488,734	908,924,220	939,354,947
Less Class A Consumption for Partial Year Class A Customers	G	5,162,821	4,541,212	2,349,555
Less Consumption for Full Year Class A Customers	H	148,423,914	150,020,544	150,116,559
Total Class B Consumption for Years During Balance Accumulation	I = F-G-H	725,901,999	754,362,464	786,888,833
<b>Variance</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>
Total Consumption Less WMP Consumption	J=C-F	1	-	-
Total Class A	K=D-G-H	42,179	1	-
Total Class B	L=B+D-I	(42,178)	(1)	(1)

12

13   OEB staff notes that, while there are variances in both Class A and Class B consumption in 2023, the  
 14   variances offset one another and net to zero overall.

15

16   Questions:

17   a) Please explain the drivers of the consumption difference observed between Class A and Class B  
 18   customers in 2023.

19

20

21   **RESPONSE:**

22   a ) The driver for the consumption difference is a single customer. Between the RRR submission  
 23   and the completion of the Commodity Account workform, the August 2023 kWh for the customer

- 1 was updated to 2,477,869 from 2,520,048, a difference of 42,179 as noted above (0.005% of Total
- 2 Metered excluding WMP).



1 Accounts Analysis Workform filed with the April 2<sup>nd</sup> update. Elexicon has filed an updated  
2 version of the WRZ Commodity Accounts Analysis Workform as an Excel attachment to this  
3 interrogatory as "9-Staff-189(1)\_Commodity Accounts Analysis Workform – WRZ". Since notes  
4 7a and 7b are being used for 2025 explanations, Elexicon has provided the explanatory note  
5 relating to 2023 in cell B57.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2  
3   **INTERROGATORY 9-STAFF-190**

4  
5   Account 1508: OEB Cost Assessment

6   Ref 1: April 2, 2026 Exhibit 9 / Tab 3 / Schedule 5 / p 2 / Tables 2, 3 and 12

7   Ref 2: 2026 IRM Application / EB-2025-0046 / Appendix D / Tables 4.2 and 4.4

8   Ref 3: EE\_Exhibit 9-1-1(2)\_DVA Continuity Schedule - VRZ\_20260402/ 2b. Continuity Schedule

9   Group 2

10   Ref 4: EE\_Exhibit 9-1-1(3)\_DVA Continuity Schedule - WRZ\_20260402/ 2b. Continuity Schedule

11   Group 2

12  
13   Preamble:

14   In Ref 1, Ellexicon Energy presented projected amounts for 2025 and 2026 for both VRZ  
15   and WRZ, notwithstanding that audited 2025 results are available and should be incorporated into  
16   the updated evidence filed on April 2, 2026.

17  
18   OEB staff has compiled the tables below using historical and forecast amounts provided  
19   in Refs 1 and 2. OEB staff note that the forecast assumes a 2026 year-over-year increase of 18.5%  
20   for WRZ and 18.7% for VRZ. By comparison, historical data for the 2018-2025 period show annual  
21   growth rates ranging from -6.6% to 15.5% for VRZ and -6.8% to 16.0% for WRZ.

VRZ				
Year	Included in Rates	Actual Amount	Included in Rates Growth Rate	Actual Amount Growth Rate
2016 April - December	\$ 240,273	\$ 398,988		
2017	\$ 325,490	\$ 538,861		
2018	\$ 328,419	\$ 503,170	0.9%	-6.6%
2019	\$ 332,360	\$ 510,834	1.2%	1.5%
2020	\$ 338,011	\$ 510,261	1.7%	-0.1%
2021	\$ 344,433	\$ 493,581	1.9%	-3.3%
2022	\$ 354,766	\$ 541,957	3.0%	9.8%
2023	\$ 366,828	\$ 604,121	3.4%	11.5%
2024	\$ 383,335	\$ 697,806	4.5%	15.5%
2025	\$ 395,985	\$ 774,133	3.3%	10.9%
2026	\$ 409,449	\$ 919,046	3.4%	<b>18.7%</b>

WRZ				
Year	Included in Rates	Actual Amount	Included in Rates Growth Rate	Actual Amount Growth Rate
2016 April - December (disposed in 2018 IRM)				
2017	\$ 143,998	\$ 190,518		
2018	\$ 144,862	\$ 177,624	0.6%	-6.8%
2019	\$ 146,166	\$ 180,095	0.9%	1.4%
2020	\$ 148,213	\$ 179,957	1.4%	-0.1%
2021	\$ 150,584	\$ 174,142	1.6%	-3.2%
2022	\$ 154,650	\$ 201,919	2.7%	16.0%
2023	\$ 159,908	\$ 230,707	3.4%	14.3%
2024	\$ 167,104	\$ 268,046	4.5%	16.2%
2025	\$ 172,618	\$ 295,814	3.3%	10.4%
2026	\$ 178,487	\$ 350,530	3.4%	<b>18.5%</b>

1  
2  
3

OEB staff has compiled the table below using amounts provided in Refs 3 and 4:

	Transactions Debit / (Credit) during 2025	Principal Adjustments during 2025	Total Principal	Interest Jan-1 to Dec-31-25	Interest Adjustments during 2025	Total Interest
VRZ	\$ 82,516	\$ 295,632	\$ 378,148	\$ 35,447	\$ 25,916	\$ 61,363
WRZ	\$ (25,733)	\$ 148,929	\$ 123,196	\$ (1,317)	\$ 15,209	\$ 13,892

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Questions:

- a) Please confirm that the amounts shown for 2025 for both VRZ and WRZ are actual (audited).
- i) If not confirmed, please update the relevant tables and evidence to reflect the actual audited 2025 amounts.
- b) Please explain why the forecasted 2026 OEB costs assessment for WRZ and VRZ increased significantly in light of the historical growth experience summarized in the OEB staff compiled table.
- c) Please explain the nature of the principal and interest adjustments reflected in the tables for both rate zones, including the sources of these adjustments, the years to which they relate, and the reasons why they were required.
- i) Please update Refs 3 and 4 accordingly and explain the revisions made, as applicable.
- d) Please file 2025 Audited Financial Statement.

**RESPONSE:**

- a) Elexicon confirms that the 2025 VRZ amount of \$774,133 and the 2025 WRZ amount of \$295,814 are audited actuals
  - i) Not Applicable.
- b) The forecasted 2026 OEB cost assessment for WRZ and VRZ is based on the January 20, 2026 invoice from the Ontario Energy Board "ED: Assessment under Ontario Regulation 16/08 for the three months period from Jan.1 to Mar 31, 2026". As per the invoice, the charges for that period are \$317,394. The annual projection is therefore  $\$317,394 \times 4 = \$1,269,576$  which is consistent with the 2026 numbers above (VRZ \$919,046 + WRZ \$350,530 = \$1,269,576)

- 1 c) The principal and interest adjustments were described in Elexicon’s 2026 IRM Application “EB-  
2 2025-0046 Appendix D: Group 2 Accounts – Request for Disposal” page 12 of 61, page 296 of PDF.  
3 As described in EB-2025-0046, “For the purpose of the cost assessment disposition request,  
4 Elexicon has recalculated the account balance using base amounts that have been escalated by  
5 OEB-approved Input Price Index (“IPI”) less stretch factor and also recalculated the associated  
6 carrying charges. This has resulted in a decrease in the requested disposition amount”  
7 i) Not Applicable.  
8  
9 d) Please refer to the attached 2025 Audited Financial Statement.

Financial Statements of

**ELEXICON ENERGY INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP  
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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Elexicon Energy Inc.

### ***Opinion***

We have audited the financial statements of Elexicon Energy Inc. (the Entity), which comprise:

- the balance sheet as at December 31, 2025
- the statement of income and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 25, 2026

# ELEXICON ENERGY INC.

Balance Sheet  
(In thousands of dollars)

As at December 31, 2025, with comparative information for 2024

	Notes	2025	2024
<b>Assets</b>			
Current assets:			
Cash		\$ 11,465	\$ 487
Accounts receivable	4, 13, 24(c)	101,120	103,317
Due from related parties	13	—	121
Materials and supplies		10,502	10,800
Income taxes recoverable		190	175
Prepaid expenses		3,417	2,689
<b>Total current assets</b>		<b>126,694</b>	<b>117,589</b>
Non-current assets:			
Property, plant and equipment	5, 23	778,835	702,819
Intangible assets	6, 23	15,777	18,874
Goodwill	6	64,348	64,348
Other assets		93	115
<b>Total non-current assets</b>		<b>859,053</b>	<b>786,156</b>
<b>Total assets</b>		<b>985,747</b>	<b>903,745</b>
Regulatory balances	7	60,426	53,757
<b>Total assets and regulatory balances</b>		<b>\$1,046,173</b>	<b>\$ 957,502</b>
<b>Liabilities and Shareholder's Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 85,780	\$ 76,123
Short-term debt	10	17,974	77,126
Due to related parties	13	171	—
Deferred revenue	11	4,295	3,397
Deferred contributions	15	5,187	4,441
Deposits and developer obligations	12	13,079	13,458
Long-term debt	14	10	709
Other liabilities	20	71	95
<b>Total current liabilities</b>		<b>126,567</b>	<b>175,349</b>
Non-current liabilities:			
Long-term debt	10, 14	353,381	306,312
Deferred contributions	15	200,590	180,677
Employee future benefits	16	7,103	6,389
Unrealized loss on interest rate swap derivatives	24(e)	10,176	12,289
Deferred tax liabilities	8	14,919	18,995
Other liabilities	20	44	115
<b>Total non-current liabilities</b>		<b>586,213</b>	<b>524,777</b>
<b>Total liabilities</b>		<b>712,780</b>	<b>700,126</b>
Shareholder's equity:			
Share capital	17	160,948	98,796
Contributed capital		23	23
Contributed surplus		77,849	77,849
Accumulated other comprehensive income		244	2,420
Retained earnings		66,727	63,609
<b>Total shareholder's equity</b>		<b>305,791</b>	<b>242,697</b>
<b>Total liabilities and shareholder's equity</b>		<b>1,018,571</b>	<b>942,823</b>
Regulatory balances	7	27,602	14,679
<b>Total liabilities, shareholder's equity and regulatory balances</b>		<b>\$1,046,173</b>	<b>\$ 957,502</b>

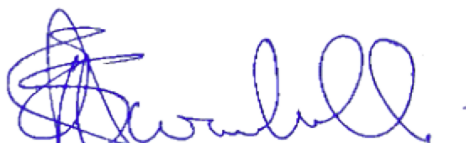
Commitments and contingencies

19

See accompanying notes to the financial statements.

On behalf of the Board,

Chair, Board of Directors



Chair, Audit and Finance Committee

# ELEXICON ENERGY INC.

Statement of Income and Comprehensive Income  
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
<b>Revenues:</b>			
Commodity revenue	21	\$ 485,257	\$ 464,462
Distribution revenue	21	105,038	100,500
Other income	21	8,579	7,325
		<u>598,874</u>	<u>572,287</u>
<b>Expenses:</b>			
Commodity cost		472,656	454,320
Operating and maintenance	22	22,439	22,635
Administration	22	57,200	38,489
Depreciation and amortization		28,060	26,530
		<u>580,355</u>	<u>541,974</u>
Finance costs	14	(15,932)	(15,718)
Unrealized gain/(loss) on interest rate swap derivatives		2,113	(1,208)
		<u>(13,819)</u>	<u>(16,926)</u>
Income before income taxes		4,700	13,387
Income tax recovery	8	3,988	428
Net income		8,688	13,815
Net movements in regulatory balances, net of tax:	7		
Net movements in regulatory balances		2,550	(3,409)
Income tax on net movements in regulatory balances		(8,805)	(2,441)
		<u>(6,255)</u>	<u>(5,850)</u>
Net income after net movements in regulatory balances		2,433	7,965
Other comprehensive loss, net of tax:			
Remeasurements of employee future benefits and non-vested sick leave		(2,176)	(80)
<b>Total comprehensive income</b>		<b>\$ 257</b>	<b>\$ 7,885</b>

See accompanying notes to the financial statements.

# ELEXICON ENERGY INC.

## Statement of Changes in Equity (In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Balance, December 31, 2024	Common shares issued	Net income after net movements in regulatory balances	Other comprehensive loss	Dividends refunded (paid)	Balance, December 31, 2025
Share capital	\$ 98,796	\$ 62,152	\$ -	\$ -	\$ -	\$ 160,948
Contributed capital	23	-	-	-	-	23
Contributed surplus	77,849	-	-	-	-	77,849
Accumulated other comprehensive income (loss)	2,420	-	-	(2,176)	-	244
Retained earnings	115,312	-	2,433	-	-	117,745
Dividends	(51,703)	-	-	-	685	(51,018)
<b>Total equity</b>	<b>\$ 242,697</b>	<b>\$ 62,152</b>	<b>\$ 2,433</b>	<b>\$ (2,176)</b>	<b>\$ 685</b>	<b>\$ 305,791</b>

	Balance, December 31, 2023	Common shares issued	Net income after net movements in regulatory balances	Other comprehensive loss	Dividends refunded (paid)	Balance, December 31, 2024
Share capital	\$ 98,796	\$ -	\$ -	\$ -	\$ -	\$ 98,796
Contributed capital	23	-	-	-	-	23
Contributed surplus	77,849	-	-	-	-	77,849
Accumulated other comprehensive income (loss)	2,500	-	-	(80)	-	2,420
Retained earnings	107,347	-	7,965	-	-	115,312
Dividends	(43,697)	-	-	-	(8,006)	(51,703)
<b>Total equity</b>	<b>\$ 242,818</b>	<b>\$ -</b>	<b>\$ 7,965</b>	<b>\$ (80)</b>	<b>\$ (8,006)</b>	<b>\$ 242,697</b>

See accompanying notes to the financial statements.

# ELEXICON ENERGY INC.

Statement of Cash Flows  
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Cash provided by (used in):			
Operating activities:			
Net income after net movements in regulatory balances		\$ 2,433	\$ 7,965
Net movements in regulatory balances		6,255	5,850
Adjustments:			
Depreciation and amortization		28,060	26,530
Amortization of deferred contributions		(4,030)	(3,400)
Loss on disposal/retirement of property, plant and equipment		83	1,251
Employee future benefits		(1,463)	(46)
Unrealized loss (gain) on interest rate swap derivatives		(2,113)	1,208
Finance costs		15,932	15,718
Income tax expense (recovery)		(3,988)	(428)
Other		1,319	(181)
Capital contributions received		24,581	25,445
Deposits and developer obligations	12	(381)	(3,244)
Income taxes paid		(300)	(473)
Income taxes recovered		197	362
		66,585	76,557
Changes in operating working capital	23	14,983	(3,963)
Net cash provided by operating activities		81,568	72,594
Financing activities:			
Interest received		86	379
Repayment of short-term debt		(59,152)	—
Repayment of long-term debt		(293,900)	(2,708)
Proceeds from short-term debt		—	5,200
Proceeds from long-term debt		340,270	30,000
Dividends refunded (paid)	18	685	(8,006)
Share issuance	17	62,152	—
Interest paid		(16,018)	(16,097)
Net cash provided by financing activities		34,123	8,768
Investing activities:			
Additions to property, plant and equipment	23	(96,602)	(77,357)
Additions to intangible assets	23	(8,138)	(5,043)
Proceeds from disposal of property, plant and equipment		27	30
Net cash used in investing activities		(104,713)	(82,370)
Increase (decrease) in cash		10,978	(1,008)
Cash, beginning of year		487	1,495
Cash, end of year		\$ 11,465	\$ 487

See accompanying notes to the financial statements.

# ELEXICON ENERGY INC.

Notes to the Financial Statements  
(In thousands of dollars)

Year ended December 31, 2025

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Elexicon Energy Inc. ("EE" or the "Company") was incorporated on April 1, 2019 under the Business Corporation Act (Ontario) by amalgamation of the former entities: Veridian Connections Inc. ("Veridian") and Whitby Hydro Electric Corporation ("Whitby Hydro"). It is a wholly owned subsidiary of Elexicon Corporation (the "Corporation"). The Company is licensed by the Ontario Energy Board (the "OEB") as an electricity distributor which distributes electricity in the cities of Belleville and Pickering, the towns of Ajax, Whitby, Gravenhurst, Port Hope and Uxbridge, and the communities of Bowmanville, Newcastle, Orono, Beaverton, Cannington, Sunderland and Port Perry. The Company's registered office is located at 55 Taunton Road East, Ajax, Ontario L1T 3V3.

## 1. Basis of preparation:

### (a) Basis of accounting:

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has evaluated the events and transactions after the balance sheet date through March 25, 2026 when the Company's financial statements were authorized for issuance by the Company's Board of Directors and identified the events and transactions which required recognition in the financial statements and/or disclosure in these notes to the financial statements.

### (b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### (c) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for employee future benefits and certain financial instruments that are measured at fair value.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 1. Basis of preparation (continued):

### (d) Use of judgements and estimates:

The preparation of the financial statements requires management to make estimates, judgments and assumptions: within reasonable limits of materiality and within the framework of the material accounting policies, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the year. Due to inherent uncertainty involved in making such estimates, actual results reported in future years could differ from those estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB or the Minister of Energy.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following financial notes:

- (i) Note 3(b)(i) - recognition and measurement of unbilled revenue; and
- (ii) Note 3(b)(i) and note 24(c) - expected credit losses.

Management is required to make significant judgments in the area of:

- (i) Note 3(e), (f) - determination of useful lives of property, plant and equipment ("PP&E") and intangible assets;
- (ii) Note 2, 3(b)(i), and note 7 - recognition and measurement of regulatory balances;
- (iii) Note 3(k)(ii), (iii) and note 16 - measurement of employee future benefits: key actuarial assumptions;
- (iv) Note 3(m) and note 19 - recognition and measurement of provisions and contingencies; and
- (v) Note 3(l) and note 8 - recognition of deferred tax assets - availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 1. Basis of preparation (continued):

Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered to be relevant.

## 2. Regulated environment:

The Company is an electricity distributor licensed by the OEB. It is regulated by the OEB under authority of the *Ontario Energy Board Act, 1998*. The OEB is charged with the responsibility of approving or setting rates for the distribution of electricity and the responsibility of ensuring that distribution companies fulfill obligations to connect and service customers.

Electricity distribution rates:

Electricity distribution rates include both fixed monthly rates per customer and variable rates per kWh usage or kW demand. These distribution rates are subject to regulation by the OEB.

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

Revenue requirement is typically established during a Cost of Service ("COS") rate application. Due to the merger between Veridian Connections and Whitby Hydro on April 1, 2019, EE is subject to a 10-year deferred rebasing period to expire in 2029. OEB policy permits utilities to end their deferred rebasing period earlier than scheduled if certain conditions are met, which provides EE the option to file a COS application prior to 2029. EE is exercising this option and has submitted a Custom Incentive Rate-setting ("CIR") application for rates that will be effective January 1, 2027 and subsequent annual rate adjustments based on a custom formula tailored for EE's funding requirements for the period commencing January 1, 2028 and ending on December 31, 2031. Prior to the merger, Veridian Connections Inc. filed a COS application in October 2013 for rates effective May 1, 2014. Whitby Hydro Electric Corporation filed a COS in January 2010 for rates effective May 1, 2010, and, through settlement, received approval for rates effective January 1, 2011.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 2. Regulated Environment (continued):

In July 2023, the OEB approved \$8,800 for an incremental capital module ("ICM") to fund EE's investment in a Smart Grid project in 2025. The OEB's funding approval was contingent on Natural Resources Canada funding of \$4,000, which in turn required project completion by March 31, 2025. The approved funding was collected through a rate rider effective April 1, 2025.

In December 2024, the OEB approved EE's annual IRM applications under the Price Cap IR process for both rate zones for changes to distribution rates effective January 1, 2025. The OEB approval included providing for other deferral and variance account dispositions.

The OEB approved IRM rate application EB-2025-0046 distribution rates for both rate zones, effective January 1, 2026, with an implementation date of February 1, 2026. The OEB approval included a rate rider for ICM funding and disposition of certain deferral and variance accounts. EE was permitted to seek foregone revenue for the period of January 1 to January 31, 2026, and has rate riders in place to collect this foregone revenue in 2026.

## 3. Material accounting policies:

### (a) Regulatory balances:

On January 30, 2014, the IASB issued an interim standard, IFRS 14, Regulatory Deferral Accounts ("IFRS 14") to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. IFRS 14 describes regulatory deferral account balances as amounts of expense or income that would not be recognized as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with this standard because the amount is included, or is expected to be included, by the rate regulator in establishing the prices that an entity can charge to customers for rate regulated goods or services.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

These amounts arising from timing differences are recorded as regulatory debit and credit balances on the Company's balance sheet, and represent existing rights and obligations regarding cash flows expected to be recovered from or refunded to customers, based on decisions and approvals by the OEB.

The Company's regulatory debit balances represent certain amounts receivable from current and/or future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory credit balances, which represent obligations that are expected to be refunded to current and/or future customers.

#### (b) Revenue recognition:

##### (i) Electricity distribution and sale:

Revenue from the sale of electricity is recognized over time as the performance obligations are satisfied as the electricity is transferred to the customer. The value is determined on the basis of cyclical meter readings plus the estimated customer usage since the last meter reading date to the end of the year.

Revenue from the sale of electricity includes an estimate of unbilled revenue accrued in respect of electricity delivered but not yet billed at year end. Unbilled revenue is calculated based on OEB-approved rates for electricity consumption and electricity demand driven by number of days between a customer's last meter reading in the year and December 31. Actual billed revenue could differ from estimates due to energy demand, weather, line losses and changes in the composition of customer classes.

The difference between the amounts charged to customers, based on regulated rates, and the corresponding cost of electricity and non-competitive electricity service costs billed monthly by the Independent Electricity System Operator ("IESO"), is recorded as a settlement variance. In accordance with IFRS 14, the settlement variance represents future amounts to be recovered from or refunded to customers through future billing rates approved by the OEB and is presented within regulatory balances on the balance sheet and within net movements in regulatory balances, net of tax on the statement of income and comprehensive income.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

Distribution revenue is recorded based on OEB-approved distribution rates to recover the costs incurred by the Company in delivering electricity to customers. There is also a fixed rate component to distribution revenue which is a fixed monthly charge per customer. Distribution revenue also includes revenue related to collection of specific OEB-approved rate riders.

The carrying amount of accounts receivable, including unbilled revenue is measured at amortized cost and reduced through an allowance for doubtful accounts equal to the lifetime expected credit losses to be recognized at the reporting date.

(ii) Other income:

Other income, which includes revenue from electricity distribution-related services, is recognized as services are rendered. Capital contributions received from electricity customers to construct or acquire PP&E for the purpose of connecting a customer to a network fall within the scope of IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Company has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the term of the contract with the customer.

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are not within the scope of IFRS 15. Cash contributions, received from developers are recorded as deferred contributions. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred contributions. The deferred contributions, which represents the Company's obligation to continue to provide the future customers access to the supply of electricity, is amortized to income on a straight-line basis over the shorter of the term of the contract with the customer or the life of the related PP&E.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

Government grants and the related performance incentive payments under Electricity Demand-Side Management (“eDSM”) programs are recognized as income in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received. Revenues and costs associated with eDSM programs are presented using the net basis of accounting and recorded in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

(iii) Deferred revenue:

Amounts received in advance but not yet earned in relation to the IESO supported eDSM initiatives and other unearned revenue are presented as deferred revenue (note 11).

(c) Cash and bank indebtedness:

Cash is defined as cash in bank and bank indebtedness defined as obligations paid by the Company and outstanding as at year end.

(d) Materials and supplies:

Materials and supplies, which consists of parts and supplies acquired for internal construction or consumption, are valued at the lower of cost and net realizable value. Cost is determined on a weighted moving average basis.

Any write-downs taken on materials and supplies are reversed if and when net realizable value subsequently recovers. Major spare parts and standby equipment are recorded as part of PP&E and depreciated once they are available for use.

An amount of \$nil (2024 - \$nil) was written down due to obsolescence in the year.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

#### (e) Property, plant and equipment:

PP&E purchased or constructed by the Company are recorded at cost less accumulated depreciation. Costs include contracted services, materials, labour, engineering costs, directly attributable overheads and capitalized borrowing costs during construction when applied. Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the costs will flow to the Company and the costs can be measured reliably.

Depreciation of PP&E is charged to net income on a straight-line basis over their estimated service lives at the following annual rates:

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Land rights with fixed term	2.0%
Buildings	2.0% - 6.7%
Distribution station equipment	1.7% - 4.0%
Distribution system	1.7% - 10.0%
Meters	4.0% - 6.7%
Office equipment	10.0%
Computer hardware	20.0% - 33.3%
Vehicle fleet	6.7% - 16.7%
Renewable power generation	4.0%

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The depreciation method, useful lives, and residual values are reviewed each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. Estimated useful lives reflect the best estimate and actual lives of assets may vary from estimated useful lives.

Assets are derecognized at their carrying value upon retirement, or when no remaining economic benefits are expected from its use. The related gain or loss arising on the disposal or retirement is determined as the difference between the proceeds from sale and the carrying value of the asset and is included in net income for the related fiscal year. The cost of replacing a part of an item of PP&E is recognized as an addition to the carrying amount of the asset and the carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of PP&E assets is recognized in net income as incurred.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

(f) Intangible assets:

Intangible assets are carried at cost, net of any accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is provided on a straight-line basis over the estimated service lives at the following annual rates:

---

Application software and intellectual property	33.3%
Internally generated software	20.0%

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Software in development is not subject to amortization. The above-noted amortization rates apply to assets held within the application software and other intangible asset grouping (note 6). The amortization method, useful lives, and residual values are reviewed each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. Estimated useful lives reflect the best estimate and actual lives of assets may vary from estimated useful lives.

(g) Goodwill:

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. It is allocated from the acquisition date to the Company's rate regulated cash generating unit ("CGU") that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill is measured at cost less accumulated impairment losses, if any, and not amortized. Impairment testing for goodwill is carried out at each reporting date in the context of the CGU by comparing carrying amount with its recoverable amount. The recoverable amount of an asset or CGU is the greater of an asset's or CGU's fair value less costs of disposal and its value in use.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

Impairment losses are recognized in net income. Impairment losses relating to the CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

#### (h) Financial assets/liabilities measured at amortized cost:

Accounts receivable (including unbilled revenue), cash, customer deposits, accounts payable, credit facilities, long-term debt and leases are measured at amortized cost.

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for that asset.

#### (i) Impairment of non-financial assets:

The carrying costs of non-financial assets: PP&E and finite lives intangible assets are reviewed for impairment at each reporting date to determine whether there is any indication of impairment, in which case, the asset's recoverable amount is estimated.

Goodwill and intangible assets with indefinite lives are tested for impairment annually and when circumstances indicate that the recoverable amount of an asset or CGU may be below their carrying value. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU, a suitable discount rate in order to calculate a present value as a basis for determining impairment and an estimated terminal value calculated by discounting the final year in perpetuity.

For the regulated business, the carrying costs of most of the Company's non-financial assets are included in rate base (the aggregate of approved investment in PP&E and intangible assets, excluding work in progress, less accumulated depreciation and amortization and unamortized capital contributions from customers, plus an allowance for working capital) where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

Impairment is tested at the CGU level, which is the smallest identifiable group of assets that generates independent cash flows. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount and is recognized in net income.

(j) Deposits and developer obligations:

Customer deposits are cash collections from customers to secure electricity or other services. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution services.

Developer obligations represent liabilities to fund system expansion projects. A liability is recorded upon initiation of an expansion capital project. Following completion of the capital project, the Company performs an annual review of actual connections and refunds to the developer a proportionate amount of the expansion deposit, based on the percentage of completed commitments (i.e., connections or load commitments) relative to the original contract.

(k) Employee benefits:

(i) Short-term employee benefits:

The Company provides short-term employee benefits, such as: salaries, employment insurance, short-term compensated absences, health and dental care. These benefits are recognized as the related service is rendered and is measured on an undiscounted basis. Short-term employee benefits are recognized as an expense unless they qualify for capitalization as part of the cost of an item of materials and supplies, PP&E, intangible assets or recoverable projects. A liability is recognized in respect of any unpaid short-term employee benefits for services rendered in the reporting year.

The Company recognizes a current liability for the expected cost of accumulated non-vested sick leave benefits at the end of the reporting year. The assumptions used for estimating the amount of the liability are analogous to those used in the valuation of employee future benefits.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

(ii) Multi-employer pension plan:

The Company accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

OMERS plan is a multi-employer defined benefit plan providing pension to employees of municipalities, local boards, public utilities and school boards. It is funded by equal contributions from participating employers and employees, as well as by investment earnings of the plan. OMERS does not track its investments by employer and actuarial assumptions are developed based on the entire plan membership on a commingled basis and, therefore, information for individual plans cannot be determined. As a result, the Company accounts for the OMERS plan as a defined contribution plan and contributions to the plan are recognized as an employee benefit expense.

(iii) Employee future benefits:

The Company provides all employees with life insurance benefits, as well as pays certain medical benefits on behalf of some of its retired employees.

The Company actuarially determines the cost of employee future benefits offered to employees. These unfunded plans are accounted for as defined benefit obligations. The Company applies the projected benefit method, prorated on service and based on management's best estimates and assumptions. Under this method, the projected employee future benefits are deemed to be earned on a pro rata basis over the years of service in the attribution year commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Remeasurements of the net benefit liability comprise actuarial gains or losses that are recognized in the balance sheet with a credit or charge to other comprehensive income or loss. Current service costs are allocated to operating, maintenance and administration expenses and to capital recognized on the balance sheet.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

#### (l) Income taxes:

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario). Under the *Electricity Act, 1998*, the Company is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with the rules for computing income and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the *Electricity Act, 1998*, and related regulations. References in these financial statements to income taxes are with respect to PILs.

The Company uses the asset and liability method of accounting for the tax effect of temporary differences between the carrying amount and the tax bases of the Company's assets and liabilities. Temporary differences arise when the realization of an asset or the settlement of a liability would give rise to either an increase or decrease in the Company's income taxes payable in the year or a later year.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date, expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income and comprehensive income in the year that includes the date of enactment or substantive enactment.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. Previously unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. A valuation allowance is recorded against a deferred tax asset to the extent that the Company determines that it is probable that a deferred income tax asset will not be realized in the future.

Where the Company expects the deferred taxes to be recovered from or refunded to customers as part of the rate setting process, the deferred income tax assets and liabilities result in regulatory deferral debit balances or credit balances, respectively. Deferred tax assets that are not included in the rate-setting process result in a deferred tax provision that is charged or credited to the statement of income and comprehensive income.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

#### (m) Provisions and contingencies:

A provision is recognized in the financial statements when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The evaluation of the likelihood of the contingent events requires judgment by management as to the probability of exposure to potential gain or loss. Actual results could differ from these estimates.

#### (n) Non-derivative financial instruments:

All non-derivative financial assets are classified as loans and receivables and all non-derivative liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized costs using the effective interest method less any impairment for the financial assets, as described in notes 3(h) and 24(c).

#### (o) Derivative financial instruments:

Derivative financial instruments are measured at their fair value upon initial recognition and on each subsequent reporting date.

The Company has not elected to apply hedge accounting for its interest rate swap derivative contracts and does not enter into derivative agreements for speculative purposes. Changes in the fair value of the derivatives are recorded each year in the statement of income and comprehensive income, as described in note 24(e).

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

(p) Capital disclosures:

The Company's objectives with respect to its capital structure are to maintain effective access to capital on a long-term basis, at reasonable rates, and to deliver the appropriate financial returns. The Company's definition of capital includes shareholder's equity, short-term debt, bank indebtedness and long-term debt, less cash.

During the year, there have been no changes to how the Company assesses its capital structure.

(q) New standards and interpretations not yet adopted:

The IASB issues new standards, amendments and interpretations which do not have to be adopted in the current year. The Company is currently assessing the impact of adopting the following amendments and standards which will be effective on January 1, 2026 or later to existing accounting standards:

(i) Classification and measurement of financial assets (Amendments to IFRS 9 and IFRS 7):

The IASB has amended IFRS 9, Financial Instruments, following its post-implementation review of the classification and measurement requirements. The amendments include guidance on the classification of financial assets, including those with contingent features.

The IASB has also amended IFRS 7, Financial Instruments - Disclosure. Companies will now be required to provide additional disclosures on financial assets and financial liabilities that have certain contingent features.

(ii) Settlement by electronic payments (Amendments to IFRS 9):

Companies that recognize or derecognize financial assets or financial liabilities on the payment initiation date could see a change to their accounting following amendments to IFRS 9.

However, companies may be permitted to derecognize financial liabilities settled by an electronic payment system earlier than their settlement date, subject to certain criteria being met.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

- (iii) Annual improvements process (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7):

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In this volume of improvements, the IASB makes minor amendments to IFRS 9 and to a further four accounting standards.

The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15 ("Revenue from Contracts with Customers") over the initial measurement of trade receivables; and
- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendment on trade receivables may require some companies to change their accounting policy.

- (iv) Presentation and Disclosure in Financial Statements ("IFRS 18"):

In April 2024 the IASB issued IFRS 18, which replaces IAS 1 and introduces new requirements for presentation and disclosure in financial statements, effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The new accounting standard introduces the following key requirements and will be applied retrospectively:

- Companies are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Companies are also required to present a newly-defined operating profit subtotal. Companies' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all companies are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

### 4. Accounts receivable:

	2025	2024
Energy revenue	\$ 49,879	\$ 47,089
Unbilled revenue	52,022	48,749
Project expenditures recoverable	5,519	11,515
Other	100	739
	107,520	108,092
Less: expected credit losses	6,400	4,775
	\$ 101,120	\$ 103,317

Accounts receivables do not contain a significant financing component, and lifetime expected credit losses ("ECLs") are recognized as the maturities are typically 12 months or less. A provision matrix is used to determine ECLs on trade receivables. The amount of credit losses recognized is based on forward looking estimates that reflect current and forecast credit conditions.

Unbilled revenue represents amounts for which the Company has a contractual right to receive cash through future billings and are unbilled at the year end.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 5. Property, plant and equipment:

PP&E balances comprise the following:

	December 31, 2024	Additions	WIP transferred to Service	Disposals/ retirements	December 31, 2025
<b>Cost</b>					
Land	\$ 2,386	\$ –	\$ –	\$ –	\$ 2,386
Land rights	4,303	–	–	–	4,303
Buildings	33,645	–	460	–	34,105
Distribution station equipment	77,165	–	1,624	(30)	78,759
Distribution system	595,238	630	69,194	(681)	664,381
Meters	30,121	2,144	–	(122)	32,143
Office equipment	2,748	–	417	–	3,165
Computer hardware	13,727	2,479	4,155	–	20,361
Vehicle fleet (a)	17,554	–	2,805	(342)	20,017
Renewable power generation	1,252	–	–	–	1,252
Construction in progress	113,862	97,223	(78,655)	–	132,430
	<b>\$ 892,001</b>	<b>\$ 102,476</b>	<b>\$ –</b>	<b>\$ (1,175)</b>	<b>\$ 993,302</b>
<b>Accumulated Depreciation</b>					
Land Rights	\$ 128	\$ 12	\$ –	\$ –	\$ 140
Buildings	15,501	1,355	–	–	16,856
Distribution station equipment	17,268	2,224	–	(7)	19,485
Distribution system	114,942	16,895	–	(336)	131,501
Meters	19,466	1,222	–	(109)	20,579
Office equipment	2,180	150	–	–	2,330
Computer hardware	9,458	2,830	–	–	12,288
Vehicle fleet (a)	9,652	1,328	–	(342)	10,638
Renewable power generation	587	63	–	–	650
	<b>\$ 189,182</b>	<b>\$ 26,079</b>	<b>\$ –</b>	<b>\$ (794)</b>	<b>\$ 214,467</b>
<b>Net book value</b>	<b>\$ 702,819</b>	<b>\$ 76,397</b>	<b>\$ –</b>	<b>\$ (381)</b>	<b>\$ 778,835</b>

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 5. Property, plant and equipment (continued):

	December 31, 2023	Additions	WIP transferred to Service	Disposals/ retirements	December 31, 2024
<b>Cost</b>					
Land	\$ 2,386	\$ —	\$ —	\$ —	\$ 2,386
Land rights	4,303	—	—	—	4,303
Buildings	33,032	—	613	—	33,645
Distribution station equipment	72,834	—	5,399	(1,068)	77,165
Distribution system	565,538	—	30,838	(1,138)	595,238
Meters	28,269	2,033	—	(181)	30,121
Office equipment	2,673	—	75	—	2,748
Computer hardware	12,141	—	1,586	—	13,727
Vehicle fleet (a)	16,981	—	877	(304)	17,554
Renewable power generation	1,252	—	—	—	1,252
Construction in progress	73,931	79,319	(39,388)	—	113,862
	\$ 813,340	\$ 81,352	\$ —	\$ (2,691)	\$ 892,001
<b>Accumulated Depreciation</b>					
Land rights	\$ 116	\$ 12	\$ —	\$ —	\$ 128
Buildings	14,112	1,389	—	—	15,501
Distribution station equipment	15,517	2,173	—	(422)	17,268
Distribution system	99,625	15,755	—	(438)	114,942
Meters	18,459	1,182	—	(175)	19,472
Office equipment	2,041	139	—	—	2,180
Computer hardware	7,715	1,743	—	—	9,458
Vehicle fleet (a)	8,667	1,242	—	(257)	9,652
Renewable power generation	531	56	—	—	587
	\$ 166,783	\$ 23,691	\$ —	\$ (1,292)	\$ 189,182
<b>Net book value</b>	\$ 646,557	\$ 57,661	\$ —	\$ (1,399)	\$ 702,819

(a) Includes \$1,658 (2024 - \$1,658) vehicle right-of-use assets and \$1,543 (2024 - \$1,448) accumulated amortization. Right-of-use assets related to the leased properties that do not meet the definition of investment property are presented as PP&E.

During the year, borrowing costs of \$1,979 (2024 - \$974) were capitalized to PP&E and credited to finance costs. Weighted average cost of long-term borrowings (note 14) is used for capitalizing borrowing costs as part of PP&E with an average rate of 4.49% (2024 - 4.61%).

Additions to construction in progress are net of transfers to other PP&E categories.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 6. Intangible assets and goodwill:

### (a) Intangible assets:

Intangible assets comprise the following:

	December 31, 2024	Additions	WIP transferred to Service	Disposals/ retirements	December 31, 2025
<b>Cost</b>					
Application software and other	\$ 29,299	\$ (2,479)	\$ 7,508	\$ –	\$ 34,328
Construction in progress Related to application Software and other	4,277	2,373	(6,615)	–	35
Capital contributions (note 19(b))	9,441	–	(893)	–	8,548
	<u>\$ 43,017</u>	<u>\$ (106)</u>	<u>\$ –</u>	<u>\$ (31)</u>	<u>\$ 42,911</u>
<b>Accumulated amortization</b>					
Application software and other	\$ 23,138	\$ 2,321	\$ –	\$ –	\$ 25,459
Capital contributions (note 19(b))	1,005	670	–	–	1,675
	<u>\$ 24,143</u>	<u>\$ 2,991</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 27,134</u>
<b>Net book value</b>	<u>\$ 18,874</u>	<u>\$ (3,097)</u>	<u>\$ –</u>	<u>\$ (31)</u>	<u>\$ 15,777</u>

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 6. Intangible assets and goodwill (continued):

	December 31, 2023	Additions	WIP transferred to Service	Disposals/ retirements	December 31, 2024
<b>Cost</b>					
Application software and other	\$ 25,377	\$ –	\$ 3,922	\$ –	\$ 29,299
Construction in progress					
Related to application					
Software and other	2,217	13,288	(11,228)	–	4,277
Capital contributions (note 19(b))	2,135	–	7,306	–	9,441
	\$ 29,729	\$ 13,288	\$ –	\$ –	\$ 43,017
<b>Accumulated amortization</b>					
	December 31, 2023	Amortization	WIP transferred to Service	Disposals/ retirements	December 31, 2024
Application software and other	\$ 20,784	\$ 2,354	\$ –	\$ –	\$ 23,138
Capital contributions (note 19(b))	575	430	–	–	1,005
	\$ 21,359	\$ 2,784	\$ –	\$ –	\$ 24,143
<b>Net book value</b>	\$ 8,370	\$ 10,504	\$ –	\$ –	\$ 18,874

No borrowing costs were capitalized on intangible assets under development in 2025 or 2024.

Application software and other includes externally acquired, as well as internally generated computer software. The remaining amortization period is between one to five years.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 6. Intangible assets and goodwill (continued):

### (b) Goodwill:

	December 31, 2024	Additions	Impairment	December 31, 2025
Goodwill	\$ 64,348	\$ –	\$ –	\$ 64,348

### (c) Impairment test:

Goodwill with carrying amount of \$64,348 was allocated to the Company's rate regulated CGU as a result of business acquisition and amalgamation. Impairment testing was carried out for December 31, 2025, by comparing the recoverable amount with the carrying amount. The recoverable amount of this CGU is based on its value in use, determined by discounting the future cash flows to be generated from the continuing operation of the CGU. The key assumptions used in the estimation of value in use were as follows.

Discount rate	5.8%
Terminal value growth rate	2.0%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. Revenue growth was projected based on the average growth rate, the estimated sales volume and expected price increases for the next five years.

The discount rate was a post-tax measure based on the return of equity rate issued by OEB on October 31, 2025, and the rates of long-term and short-term debts that the Company currently holds.

The terminal growth rate was determined based on management's estimate of the long-term compounded annual earnings before interest, taxes, depreciation and amortization growth rate, consistent with the assumptions that a market participant would make.

The impairment test was performed by considering the latest developments and economic conditions. The estimated recoverable amount of the CGU was determined to be higher than its carrying amount, therefore, no impairment was recorded.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 7. Regulatory balances:

Debit balances comprise the following:

	December 31, 2024	Balances arising in the year	Recovery/ reversal	Other movements	December 31, 2025	Remaining recovery/ reversal period (years)
Deferred taxes (a)	\$ 26,628	\$ (4,788)	\$ -	\$ -	\$ 21,840	Note 2
Collection of account (b)	6,752	2,047	-	-	8,799	Note 1,3
IFRS transitional adjustments (c)	6,033	(1,081)	-	-	4,952	Note 1
Approved settlement variances (d)	724	(51)	(451)	-	222	1 year
Future settlement variances - RSVA LV SMEC (d)	4,783	-	-	(4,783)	-	Note 1,3
OEB cost assessment (e)	2,887	91	-	-	2,978	Note 1,3
Estimated useful life (f)	1,084	409	-	-	1,493	Note 1
Future settlement variances - RCVA (g)	795	(3)	-	-	792	Note 1,3
Locates (h)	791	622	-	-	1,413	Note 1,3
Cloud (i)	632	11,771	-	-	12,403	Note 1,3
One-time IFRS conversion costs (j)	562	14	-	-	576	Note 1,3
Rate application costs (m)	1,906	2,561	-	-	4,467	Note 1
Other	180	311	-	-	491	Note 1,3
	\$ 53,757	\$ 11,903	\$ (451)	\$ (4,783)	\$ 60,426	

	December 31, 2023	Balances arising in the year	Recovery/ reversal	Other movements	December 31, 2024	Remaining recovery/ reversal period (years)
Deferred taxes (a)	\$ 27,115	\$ (487)	\$ -	\$ -	\$ 26,628	Note 2
Collection of account (b)	3,812	2,940	-	-	6,752	Note 1,3
IFRS transitional adjustments (c)	5,006	1,027	-	-	6,033	Note 1
Approved settlement variances (d)	1,025	14,969	(15,270)	-	724	1 year
Future settlement variances - RSVA (d)	14,821	4,674	(14,712)	-	4,783	Note 1,3
OEB cost assessment (e)	2,069	818	-	-	2,887	Note 1,3
Estimated useful life (f)	722	362	-	-	1,084	Note 1
Future settlement variances - RCVA (g)	752	43	-	-	795	Note 1,3
Locates (h)	446	345	-	-	791	Note 1,3
Cloud (i)	-	632	-	-	632	Note 1,3
One-time IFRS conversion costs (j)	542	20	-	-	562	Note 1,3
Rate application costs (m)	-	1,906	-	-	1,906	Note 1
Other	-	180	-	-	180	Note 1,3
	\$ 56,310	\$ 27,429	\$ (29,982)	\$ -	\$ 53,757	

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 7. Regulatory balances (continued):

Credit balances comprise the following:

	December 31, 2024	Balances arising in the year	Recovery/ reversal	Other movements	December 31, 2025	Remaining recovery/ reversal period (years)
Tax related variances (k)	\$ 8,041	\$ 560	\$ –	\$ –	\$ 8,601	Note 1,3
Pole attachment (l)	3,555	617	–	–	4,172	Note 1,3
Future settlement variances - RSVA LV SMEC (d)	–	12,519	(5)	(4,783)	7,731	Note 1,3
Deferred taxes (a)	3,043	4,017	–	–	7,060	Note 2
Other	40	(2)	–	–	38	Note 1,3
	\$ 14,679	\$ 17,711	\$ (5)	\$ (4,783)	\$ 27,602	

	December 31, 2023	Balances arising in the year	Recovery/ reversal	Other movements	December 31, 2024	Remaining recovery/ reversal period (years)
Tax related variances (k)	\$ 7,312	\$ 729	\$ –	\$ –	\$ 8,041	Note 1,3
Pole attachment (l)	2,945	610	–	–	3,555	Note 1,3
Deferred taxes (a)	1,089	1,954	–	–	3,043	Note 2
Other	36	4	–	–	40	Note 1,3
	\$ 11,382	\$ 3,297	\$ –	\$ –	\$ 14,679	

Note 1 The Company intends to seek recovery or refund in future rate applications to the OEB.

Note 2 The Company will not seek disposition of the balance since it will be reversed through timing differences in the recognition of deferred tax assets or liabilities.

Note 3 Carrying charges were added to the regulatory balances in accordance with the OEB's direction, at a rate of 3.64% for January 1, 2025, to March 31, 2025, 3.16% for April 1, 2025 to June 30, 2025 and 2.91% for July 1, 2025 to December 31, 2025.

The 'balances arising in the year' column are new additions (for both debits and credits). The 'recovery/reversal' column are amounts collected or refunded through rate riders, disposition of OEB-approved regulatory balances, or other transactions which reduce existing regulatory balances. The 'other movements' column consists of a reclassification between the regulatory debit and credit balances.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 7. Regulatory balances (continued):

Regulatory balances descriptions:

### (a) Deferred taxes:

The Company records deferred tax assets or liabilities with a corresponding regulatory tax liability or asset. The Company will not seek disposition of these balances as they will be reversed through timing differences in the recognition of deferred tax assets or liabilities.

The regulatory debit balance is the expected future electricity distribution rate increase for customers arising from timing difference in the recognition of deferred tax assets and the regulatory credit balance is the deferred tax amount reclassified under IFRS 14.

The deferred tax amount related to the expected future electricity distribution rate increase for customers was \$21,840 (2024 - \$26,628) as at December 31, 2025.

The amounts reclassified under IFRS 14 include the deferred tax liability related to regulatory balances of \$7,060 (2024 - \$3,043) as at December 31, 2025.

### (b) Collection of account:

On March 14, 2019, the OEB issued the *Notice of Amendments to Codes* regarding the non-payment of account service charges for electricity distributors in which the OEB eliminated the Collection of Account charge.

The Company requested and was approved for a new Deferral and Variance Account for Veridian Rate Zone in its 2020 IRM application (EB-2019-0252) to record the lost revenues associated with the elimination of the Collection of Account charge. EE received approval for 2026 disposition of the 2024 account balance in its 2026 EB-2025-0046 application. The remaining balance has been requested for disposition in the Company's 2027 CIR application.

### (c) IFRS transitional adjustments:

Commencing in 2014, the Company's Veridian rate zone has recorded regulatory debit balances arising from derecognition of assets under IFRS. The Whitby rate zone dealt with the derecognition of assets under IFRS in a 2019 OEB proceeding. This regulatory balance has been requested for disposition in the Company's 2027 CIR application.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 7. Regulatory balances (continued):

### (d) Settlement variances:

Approved settlement variances:

For the 2025 rate year, the OEB approved disposition of the Shared Tax Savings and residual Forgone COVID revenue. The OEB approved the tax sharing charge of \$3 for the Veridian Rate Zone, and a refund of \$50 for the Whitby Rate Zone for the period of January 1, 2025 to December 31, 2025.

Future settlement variances - RSVA LV SMEC:

The amounts in the Retail Settlement Variance Account, Low Voltage, Smart Meter Entity Charge ("RSVA LV SMEC") include the variances between the amount charged by the IESO for the operation of the markets and grid, as well as various wholesale market settlement charges and transmission charges, as compared to the amount billed to consumers based on the OEB-approved rates. This amount also includes variances between the amounts charged by Hydro One Networks Inc. ("Hydro One") for low voltage services and the amount billed to consumers based on the OEB-approved rates. For its 2025 rates, EE received approval to adjust the Retail Transmission Services Rates using the OEB's preliminary Uniform Transmission Rates effective January 1, 2025.

These settlement variances are reviewed annually and requested for disposition if the balance exceeds the OEB disposition threshold of \$0.001 per kWh (debit or credit). This regulatory balance has been requested for disposition in the Company's 2027 CIR application.

### (e) OEB cost assessment:

The Board issued guidance on February 9, 2016, permitting effective April 1, 2016 the use of Account 1508 Other Regulatory Asset – Sub Account - OEB Cost Assessment Variance to record any material differences between OEB cost assessments currently built into rates and actual cost assessments. EE requested and received approval for 2026 disposition of the 2024 account balance in its 2026 EB-2025-0046 application. The remaining balance has been requested for disposition in the Company's 2027 CIR application.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 7. Regulatory balances (continued):

(f) Estimated useful life:

In Whitby's 2019 Annual IR Application EB-2018-0079, the OEB approved the use of a new deferral Account 1508, Sub-account - Changes in Estimated Useful Lives, 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 required under IFRS, per the depreciable asset section of IAS 16, Property, Plant and Equipment. This regulatory balance has been requested for disposition in the Company's CIR application.

(g) Future settlement variances - Retail cost variance account ("RCVA"):

The Company is recording the differences between the revenue charged to retailers and the incremental costs associated with providing the retail services. EE requested and received approval for 2026 disposition of the 2024 account balance in its 2026 EB-2025-0046 application. The remaining balance has been requested for disposition in the Company's CIR application.

(h) Locates:

In 2023, the OEB established a generic, sector-wide variance account, the Getting Ontario Connected Act (GOCA) variance account, to specifically track incremental costs of locates in 2023 and future years arising from the implementation of recent provincial legislation: Bill 93 (the *Getting Ontario Connected Act*, S.O. 2022). This regulatory balance has been requested for disposition in the Company's 2027 CIR application.

(i) Cloud:

In a letter dated November 2, 2023 the OEB established a deferral account relating to incremental cloud computing implementation costs. The generic deferral account is effective December 1, 2023 and is used to record incremental cloud computing implementation costs incurred by utilities and any related offsetting savings, if applicable. This regulatory balance has been requested for disposition in the Company's 2027 CIR application.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 7. Regulatory balances (continued):

### (j) One-time IFRS conversion costs:

In accordance with an OEB directive, a deferral account has been established for the one-time administrative costs during transition to IFRS for the Veridian rate zone. These amounts were requested and approved for final disposition in EE's 2026 EB-2025-0046 application.

### (k) Tax-related variances:

The regulatory balance relates to the revenue requirement impact of accelerated capital cost allowance deductions from the Accelerated Investment Incentive tax measure which received Royal Assent on June 21, 2019. This regulatory balance has been requested for disposition in the Company's 2027 CIR application. This regulatory balance also includes the revenue requirement impact of additional capital cost allowance deductions from the Immediate Expensing tax measure which received Royal Assent in June 2022.

### (l) Pole attachment:

On March 22, 2018 the OEB issued the Report of the Ontario Energy Board: Wireline Pole Attachment Charges (EB-2015-0304). The report established a new variance Account 1508 - Sub-Account - Pole Attachment Revenue Variance to be used for recording the incremental revenue arising from the changes to the pole attachment charge applicable to all licensed electricity distributors. EE requested and received approval for 2026 disposition of the 2024 account balance in its 2026 EB-2025-0046 application. The remaining balance has been requested for disposition in the Company's 2027 CIR application.

### (m) Rate application costs:

The regulatory balance relates to one-time rate application costs incurred by EE to prepare and defend its 2027 CIR application. The balance has been requested for disposition in the Company's 2027 CIR application.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 8. Income taxes:

The provision for income taxes differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. The reconciliation between the statutory and effective tax rates is provided as follows:

	2025	2024
Income before income taxes	\$ 4,700	\$ 13,387
Federal and Ontario statutory income tax rate	26.5%	26.5%
Provision for income taxes at statutory rate	\$ 1,246	\$ 3,548
Increase (decrease) resulting from:		
Temporary differences expected to be recovered from customers	(4,540)	(3,847)
Under (over) provided in prior periods	(22)	73
Other	8,133	2,239
Income taxes recorded in regulatory balances movements	(8,805)	(2,441)
Income tax recovery	\$ (3,988)	\$ (428)
Effective income tax rate	(84.9%)	(3.2%)
Allocated:		
Current expense	\$ 89	\$ 299
Deferred expense	4,728	1,714
Income taxes recorded in regulatory balances movements	(8,805)	(2,441)
Total income tax recovery	\$ (3,988)	\$ (428)

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 8. Income taxes (continued):

Deferred tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. The tax effects of these differences are as follows:

	2025	2024
Deferred tax assets (liabilities):		
Property, plant and equipment and intangible assets	\$ (43,609)	\$ (39,070)
Employee future benefits	2,561	2,304
Sick leave liability	975	353
Unrealized loss on interest rate swap derivatives	2,696	3,256
Non-capital losses	21,354	10,627
Deferred revenue and others	1,104	3,535
	(14,919)	(18,995)
Deferred tax liabilities:		
Regulatory balances	7,060	3,043
Moved to regulatory deferral account credit balances	(7,060)	(3,043)
	–	–
Deferred tax liabilities	\$ (14,919)	\$ (18,995)

## 9. Accounts payable and accrued liabilities:

	2025	2024
Cost of power accrual	\$ 38,410	\$ 32,518
Accounts payable	21,011	17,186
Accrued liabilities	14,363	13,374
Customer credit balances	4,487	5,724
Non-vested sick leave liability	2,704	1,008
Other	4,805	6,313
	\$ 85,780	\$ 76,123

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 10. Credit facilities:

On December 30, 2025, the Corporation entered into a syndicated credit agreement with a Canadian chartered bank (the "Bank") establishing a revolving credit facility (the "Credit Facility") in the amount of \$550,000 bearing interest at fluctuating rates based on the prime rate.

The Corporation on entering into the new syndicated credit agreement settled the previous credit facilities between the Bank and the Company which included the following:

- (a) Uncommitted revolving demand credit facility. The facility is required to be no greater than \$60,000, with a letter of credit ("L/C") carve-out availability;
- (b) Committed or demand revolver facility (note 14) with a combined total no greater than \$353,645; and
- (c) Uncommitted revolving demand credit facility with a credit limit of \$5,000.

Additionally, on December 30, 2025, the Corporation and the Company entered into three loan agreements:

- (a) \$33,390 intercompany interest rate swap loan with a fixed interest rate of 5.096%;
- (b) \$220,000 intercompany interest rate swap loan with a fixed interest rate of 4.84%; and
- (c) \$86,880 intercompany promissory note with a prime rate at 4.45%.

The financial covenants for the above facilities require a Consolidated total debt to capitalization ratio not greater than 0.75 and the Company's regulated Earnings Before Interest and Taxes ("EBIT") represents no less than 80% of the Corporation's EBIT. The financial covenants are tested on a consolidated basis of the Corporation. The Corporation and the Company are compliant with all bank covenants as at December 31, 2025.

As at December 31, 2025, the Company has a restricted term deposit with interest of \$151 with a Bank for letters of credit ("L/C") for: \$100 to issue an irrevocable L/C in favour of the Ministry of Environment and \$51 L/C in favour of The Regional Municipality of Durham.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 10. Credit facilities (continued):

The Ministry of Environment requires security to ensure adequate funds are available, to effect suitable remedial action, if an event occurs resulting in a health and safety hazard to any person, or the natural environment.

The Region of Durham requires security for land site development for the Seaton TS in the City of Pickering, and it could draw on the L/C if the Company does not fulfill the obligations of the service agreement.

Short-term debt:

On September 15, 2025, a Memorandum of Understanding (“MOU”) was executed between the Corporation, Company, and four of the five municipal shareholders (the “participating shareholders”). The terms included repayment of the \$53,952 promissory notes, which were repaid by the end of 2025 (note 17).

As at December 31, 2025, the Company had a \$17,974 (2024 - \$71,926) note payable due to one of the Corporation's shareholders on demand at a fixed rate of 4.13%. The noteholder has a right to demand repayment of this note together with any accrued interest, in whole or part, with 60 days' prior written notice to the Company. As the Company does not have any unconditional right to defer settlement of this liability for at least twelve months after the reporting period, the note issued to the shareholder of \$17,974 is classified as short-term debt.

## 11. Deferred revenue:

(a) As at December 31, 2025, \$131 (2024 - \$nil) of deferred revenue represents the unearned revenue from funding received from the IESO for Ontario's 12-year eDSM Framework (2025–2036) program. It is a provincial initiative designed to enhance grid reliability and affordability by reducing electricity consumption.

(b) As at December 31, 2025, \$4,164 (2024 - \$3,397) of deferred revenue represents the balance of unearned revenue related to the ICM projects.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 12. Deposits and developer obligations:

	2025	2024
Advance payments - construction deposits	\$ 378	\$ 312
Customer deposits	5,162	5,351
Developer obligations	7,539	7,795
<b>Deposits and developer obligations</b>	<b>\$ 13,079</b>	<b>\$ 13,458</b>

## 13. Related party transactions:

The Company provides electricity and services to the Corporation's shareholders, the Town of Ajax, the Municipality of Clarington, the City of Pickering, the City of Belleville and the Town of Whitby (collectively, the "shareholders"). Electrical energy is sold to the Corporation's shareholders at the same prices and terms as other electricity customers consuming equivalent amounts of electricity.

Summary of transactions with the Corporation's shareholders:

	Town of Ajax	Town of Whitby	City of Pickering	City of Belleville	Municipality of Clarington	Total
Electricity and services revenue	\$ 3,494	\$ 2,933	\$ 3,159	\$ 1,544	\$ 492	\$ 11,622
Finance costs on the notes payable	387	780	743	154	164	2,228
Property taxes paid	264	267	48	126	40	745

	Town of Ajax	Town of Whitby	City of Pickering	City of Belleville	Municipality of Clarington	Total
Accounts receivable balance	\$ 831	\$ 335	\$ 1,003	\$ 111	\$ -	\$ 2,280

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 13. Related party transactions (continued):

Summary of transactions with the Corporation and Elexicon Group Inc. ("EG"), an associate of the Company:

	2025	2024
Administrative and management services revenue (a)	\$ 602	\$ 331
Finance costs on the notes payable to the Corporation	1,053	995
Dividends paid/(refunded) to the Corporation (note18)	(685)	8,006
Accounts receivable/(payable) balance (b)	\$ (171)	\$ 121

(a) The Company purchases or supplies administrative and management services from and to the Corporation and EG. Charges for these services are recorded at exchange amounts established and agreed to by the related parties.

(b) Without terms of repayment.

	2025	2024
Compensation paid to key management personnel(i)	\$ 3,113	\$ 3,714

(i) Comprising the senior management team and members of the Board of Directors. The compensation includes salaries, performance pay and taxable benefits. This includes OMERS contributions of \$301 (2024 - \$345).

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 13. Related party transactions (continued):

The Company has renewable generation projects and holds interest in the following entities joint operations:

### (a) Claremont Community Centre Solar:

The Company, TREC SolarShare Co-Operative (No.1) Inc. and Solera Sustainable Energies Company Limited are parties to a joint operation agreement with an equity interest of 39%, 51% and 10%, respectively, to build, own, operate and maintain a solar generation project at Claremont Community Centre owned by the City of Pickering, located at 4941 Old Brock Road, Pickering, Ontario L1V 7E2. This project is approved under the Feed-in Tariff government program.

The joint venture started operation in July 2015. In 2025, the Company included its share of net income \$3 (2024 - \$6) in the financial statements.

In 2016, the Corporation financed the above project for an amount of \$264 for a 15-year term at an interest rate of 5.00%. An amount of \$48 (2024 - \$56) is included in the Company's long-term debt as at December 31, 2025 (note 14). The funding provided by the Corporation was in the same proportion as the equity interest.

### (b) EE, Lakefront, Solera Joint Operation:

The Company, Lakefront Utility Services Inc. and Solera Sustainable Energies Company Limited entered into a joint operation agreement with an equity interest of 42.5%, 42.5% and 15% respectively, to build, own, operate and maintain a solar generation project at the property owned by The Corporation of the Town of Cobourg, located at 739 D'Arcy Street, Cobourg, Ontario (Building 13).

The joint venture started operations in 2019. In 2025, the Company included its share of negligible loss in the other income on financial statements.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 13. Related party transactions (continued):

In 2019, the Town of Cobourg Holding Inc. financed the above project for an amount of \$202 for a 25-year term at an interest rate of 5.75%. An amount of \$73 (2024 - \$75) is included in the Company's long-term-debt as at December 31, 2025 (note 14). The funding provided by the Corporation of the Town of Cobourg was in the same proportion as the equity interest.

The Company, as a joint operator accounts for the assets, liabilities, revenue and expenses relating to its interest in the joint operations in accordance with the IFRS applicable to the particular assets, liabilities, revenue and expenses.

## 14. Long-term debt:

	2025	2024
Notes payable to the Corporation, maturing on December 9, 2034, at a rate of 4.58%	\$ 13,000	\$ 13,000
Notes payable to the Corporation, maturing on December 17, 2039, at a rate equal to the OEB-deemed long-term debt rate, less 30-basis-points	—	10,500
Loan payable to the Corporation, maturing on September 1, 2031, at a rate of 5.00%	48	56
Loan payable to Town of Cobourg Holding Inc., maturing on February 1, 2044, at a rate of 5.75%	73	75
Long-term debt from the Bank, maturing on November 2, 2028, at a rate of 5.096%	—	33,390
Long-term debt from the Bank, maturing on August 2, 2028, at a rate of 4.84%	—	220,000
Long-term debt from the Bank, maturing on June 29, 2026	—	30,000
Long-term debt payable to the Corporation, maturing on November 2, 2028, at a rate of 5.096% (note 10)	33,390	—
Long-term debt payable to the Corporation, maturing on August 2, 2028, at a rate of 4.84% (note 10)	220,000	—
Long-term debt payable to the Corporation, maturing on December 29, 2028 (note 10)	86,880	—
	<u>353,391</u>	<u>307,021</u>
Less: current portion	10	709
	<u>\$ 353,381</u>	<u>\$ 306,312</u>

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 14. Long-term debt (continued):

Scheduled principal repayments for the next five years and thereafter as of December 31, 2025:

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2026	\$	10
2027		10
2028		340,280
2029		12
2030		12
Thereafter		13,067
		<hr/>
		353,391
Less: current portion		10
		<hr/>
	\$	353,381

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Scheduled interest payments for the next five years and thereafter as of December 31, 2025:

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2026	\$	16,539
2027		16,539
2028		12,847
2029		600
2030		600
Thereafter		2,406
		<hr/>
	\$	49,531

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Expected weighted average borrowing costs:

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2026	4.68%
2027	4.68%
2028	7.01%
2029	4.59%
2030	4.59%

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# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 14. Long-term debt (continued):

Finance costs related to short-term debt, long-term debt and other comprise:

	2025	2024
Interest on:		
Notes payable and loans	\$ 17,223	\$ 16,608
Customer deposits and other	774	463
	17,997	17,071
Less:		
Capitalized borrowing costs	1,979	974
Finance income	86	379
	2,065	1,353
	\$ 15,932	\$ 15,718

## 15. Deferred contributions:

Deferred contributions are the capital contributions received from electricity customers and developers, which have not yet been recognized into other income.

The continuity of deferred contributions is as follows:

	2025	2024
Deferred contributions, beginning of year	\$ 185,118	\$ 163,190
Contributions received	24,581	25,445
Contributions amortized as other income	(4,030)	(3,400)
Contributions removed with asset disposals	108	(117)
Deferred contributions, end of year	205,777	185,118
Less: current portion	5,187	4,441
Non-current	\$ 200,590	\$ 180,677

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 16. Employee future benefits:

### (a) Pensions:

During the year, the Company made contributions totaling \$4,057 (2024 - \$3,637) to OMERS. These contributions have been recognized as an operational expenditure net of the amount capitalized in assets. The expected payment for 2026 is \$4,503, representing less than 1% of the group plan contributions. As at December 31, 2025, and subject to the estimates, assumptions and valuations of OMERS, the plan obligations are 98% (2024 - 98%) funded by its assets. OMERS has a strategy to return the plan to a fully funded position. The Company is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

### (b) Post-retirement benefits other than pension:

The Company pays certain benefits on behalf of its retired employees and recognizes these post-retirement costs in the year in which the employees render the services.

Information about the Company's non-contributory defined benefit plan to fund life insurance, health and dental care benefits and a retiree Health Care Spending Account ("HCSA"), is as follows:

	2025	2024
Accrued benefit liability recognized, beginning of year	\$ 6,389	\$ 6,355
Current service costs	129	135
Interest costs	294	286
Benefit payments	(467)	(475)
Remeasurements recognized in other comprehensive income	758	88
Accrued benefit liability recognized, end of year	\$ 7,103	\$ 6,389

The amounts presented are based upon an actuarial valuation performed as at December 31, 2025.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 16. Employee future benefits (continued):

(c) Significant assumptions:

	2025	2024
Discount rate used	4.9%	4.7%
Health care costs rate increase for next year	4.2%	5.3%
Dental care costs rate increase for next year	4.3%	5.6%

(d) Sensitivity analysis:

Changes in key assumptions would have had the following effect on the benefit obligation:

	Estimated value of future payments	% difference
Base (4.95%)	\$ 7,103	—
Discount rate		
(3.95%) or - 1.00%	8,331	17%
(5.95%) or +1.00%	6,149	(13%)
Health and dental cost trend rates		
- 1.00%	7,702	8%
+1.00%	6,615	(7%)

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 17. Share capital:

The MOU of September 15, 2025, set forth certain terms and conditions of a financing strategy which was implemented inclusive of the following:

- (a) the participating shareholders agreed to suspend the payment of dividends by the Corporation to all Shareholders; subsequently the Corporation agreed to suspend the payment of dividend by the Company (note 18),
- (b) the Company repaid \$53,952 promissory notes to the Corporation (note 10), and
- (c) the Corporation purchased newly issued shares for \$62,152 from the Company.

	2025		2024	
	Number of Shares	\$	Number of Shares	\$
Authorized:				
Unlimited Common Shares				
Issued and outstanding:				
Beginning of the year	1,000	98,796	1,000	98,796
Common Shares issued	124	62,152	—	—
End of the year	1,124	160,948	1,000	98,796

## 18. Dividends:

Dividends and dividend advances paid in 2024 were \$8,006 and include the following:

- 2023 Q4 dividends of \$2,674
- 2024 Q1, Q2, Q3 and Q4 dividend advances of \$5,332

On March 21, 2025, the Board of Directors of the Company declared dividends of \$4,647 on the issued and outstanding Common shares in respect of the 2024 fiscal year. Dividend advances of \$5,332 were paid during 2024 and the excess of \$685 was refunded by the Corporation to the Company in 2025.

During 2025, no dividend advances were paid and a dividend suspension was initiated (note 17).

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 19. Commitments and contingencies:

### (a) Insurance claims:

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"), which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to the Company.

Insurance premiums charged to each member electric utility consist of a levy per \$1 of service revenue subject to a credit or surcharge based on each electric utility's claims experience.

### (b) Contractual obligation - Hydro One Networks Inc.:

Whitby transformer station:

The Company is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet the Company's anticipated electricity load growth. Construction of the project was completed during 2007 and the Company connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenue, the Company is obligated to pay a capital contribution equal to the difference between this revenue and the construction costs allocated to the Company. The construction costs allocated to the Company for the project are \$19,950.

Hydro One performed the final true-up in 2024 based on actual load at the end of the fifteenth anniversary of the in-service date. The shortfall of connection transformation revenue for Hydro One resulted in an accrual recorded in 2024 of \$4,062 and the Company recognized this amount as an intangible asset. This final true-up payment was made in January 2025 and there is no further obligation with respect to this agreement.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 19. Commitments and contingencies (continued):

Seaton transformer station:

The Company constructed a transformer station designated to meet the Company's anticipated electricity load growth and connected the transformer station to Hydro One's transmission system in December 2022. The Company entered into a connection and cost recovery agreement with Hydro One for the 230kV transmission supply to the transformer station. The construction costs allocated to the Company for the transmission supply project are \$10,003 and a capital contribution of \$3,244 was required due to increase in cost and lower incremental load forecast. The Company accrued \$3,244 in 2024 and recognized this amount as an intangible asset. The Company paid this capital contribution in January 2025.

To the extent that the cost of the project is not recoverable from future transformation connection revenue, the Company is obligated to pay additional capital contributions equal to the difference between this revenue and the construction costs allocated to the Company. Hydro One will perform a true-up based on actual load at the end of the fifth, tenth and fifteenth anniversary of the in-service date December 2022. These anniversary dates are in December of years 2027, 2032, and 2037 respectively.

### (c) Contractual obligation - Cloud Computing Arrangements:

The Company entered into a cloud computing arrangement in December 2024 with an established Canadian supplier for licensing and to implement an integrated technology platform solution implementing electrical utility industry leading standard operating models and business processes for a 10-year term with a cost of \$48,799 and remaining obligation as at December 31, 2025 of \$42,328.

### (d) Prudential support:

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Company fails to make the payment required on a default notice issued by the IESO. The Corporation has provided a \$64,000 guarantee to the IESO on behalf of the Company.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 19. Commitments and contingencies (continued):

### (e) General claims:

From time to time, the Company is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position and results of operations or cash flows.

## 20. Leases:

The Company is committed to lease agreements for various vehicles.

When measuring the lease liabilities for leases, the Company discounted lease payments using the implicit rate of each lease agreement with a range of 5.65% to 7.20%.

Future minimum non-cancellable lease payment obligations under finance leases are as follows:

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2026	\$ 71
2027	44
	<hr/>
	\$ 115

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As at December 31, 2025, a lease obligation of \$71 (2024 - \$95) is recorded as a current liability and \$44 (2024 - \$115) is recorded as a non-current liability.

The Company has also recognized \$9 (2024 - \$16) in interest costs (recognized as finance costs in the statement of income and comprehensive income and the statement of cash flows) and \$95 (2024 - \$124) in lease repayments (recognized as changes in operating working capital in the statement of cash flows).

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 21. Revenue and other income:

	2025	2024
Commodity revenue	\$ 485,257	\$ 464,462
Distribution revenue	105,038	100,500
Other income:		
Late payment charges	\$ 1,913	\$ 1,467
Customer charges (a)	744	779
Pole rentals	1,208	1,174
Amortization of deferred contributions	4,030	3,400
Renewable energy	130	145
Other	554	360
	\$ 8,579	\$ 7,325

(a) Includes reconnection/disconnection, collection and change of occupancy charges from customers.

Commodity revenue and distribution revenue by customer class are as follows:

	2025	2024
Residential service	\$ 281,736	\$ 277,759
General service	285,688	266,868
Large users	22,871	20,335
Total commodity and distribution revenue	\$ 590,295	\$ 564,962

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 22. Operating, maintenance and administration expenses:

			2025	2024
	Operating and maintenance	Administration	Total	Total
Salaries and benefits	\$ 12,895	\$ 20,842	\$ 33,737	\$ 30,944
External services	7,690	32,105	39,795	27,260
Materials and supplies	1,610	2	1,612	149
Vehicle	165	152	317	1,405
Other	79	4,099	4,178	1,366
	\$ 22,439	\$ 57,200	\$ 79,639	\$ 61,124

## 23. Statement of cash flows:

Changes in operating working capital provided by (used in) include the following:

	2025	2024
Accounts receivable	\$ 2,196	\$ (8,104)
Related parties	291	419
Materials and supplies	297	1,122
Prepaid expenses	(728)	(354)
Accounts payable and accrued liabilities	12,028	4,653
Deferred revenue	899	(1,699)
	\$ 14,983	\$ (3,963)

Reconciliation between the amount presented in the statement of cash flows and total additions to PP&E and intangible assets:

	2025	2024
Purchase of PP&E, cash basis	\$ 96,602	\$ 77,357
Net change in accruals related to PP&E	5,874	3,995
Total additions to PP&E	\$ 102,476	\$ 81,352
Purchase of intangible assets, cash basis	\$ 8,138	\$ 5,043
Net change in accruals related to intangible assets	(8,244)	8,245
Total additions to intangible assets	\$ (106)	\$ 13,288

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 24. Financial instruments and risk management:

### (a) Market risk:

Market risk refers primarily to risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk due to the flow-through nature of energy purchases and costs. All variances due to timing of customer billing or regulated pricing are recorded in retail settlement variance accounts and are recovered from or returned to customers in accordance with regulatory directives. The foreign exchange risk is considered not material and is limited to U.S. dollar cash holdings of \$31 (2024 - \$22) as at December 31, 2025.

### (b) Interest rate risk:

The Company enters into fixed interest rate long-term debt agreements to minimize cash flow and interest rate fluctuation exposure. In 2025, the Company novated its interest rate swap derivatives with the Bank to the Corporation. The Corporation used \$253,390 of the \$340,270 drawn on the credit facility as an underlying loan for the interest rate swap derivatives with the Bank to exchange interest rate cash flows:

(a) interest rate swap derivative agreement of \$220,000 maturing on August 2, 2028

(b) interest rate swap derivative agreement of \$33,390 maturing on November 2, 2028.

The Corporation and the Company have mirror agreements for these two interest rate swap derivative agreements.

Under these agreements, the Company and the Corporation have the periodic exchange of payments without exchanging the notional principal amount on which the payments are based. This effectively provided the Company with a fixed rate loan, which reduces the impact of fluctuating interest rates on long-term debt. The Company does not enter into any such financial instrument for speculative purposes.

In addition, the Corporation and the Company have an \$86,880 intercompany promissory note at the prime rate of 4.45%. It is estimated that a 25 basis point increase (decrease) of the prime rate, with all other variables held constant, would result in an increase (decrease) of approximately \$217 to annual finance costs.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

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## 24. Financial instruments and risk management (continued):

The Company is also exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

### (c) Credit risk:

Financial assets create credit risk that a counterparty will fail to discharge an obligation, causing a financial loss. The Company's distribution revenue is earned on a broad base of customers. As a result, the Company did not earn a significant amount of revenue from any individual customer.

Management considers current economic and credit conditions in revising the estimates and judgments used in preparation of the ECLs provision on its accounts receivable balances. The Company applies provision rates based on recent and changing trends to customer aging balances, customer collection patterns and risk of customer default and has recorded an increase to the expected credit loss allowance of \$1,625. The impact of the OEB's moratorium on disconnections impacted the Company's ability to mitigate credit risk from customer accounts receivable balances.

The Company manages counterparty credit risk through various techniques, including limiting total exposure levels with individual counterparties consistent with the Company's policies and monitoring the financial condition of counterparties.

Management believes that the credit risk of accounts receivable is limited due to the following reasons:

- (i) There is a broad base of customers with no one customer that accounts for revenue or an accounts receivable balance in excess of 10% of the respective balance.
- (ii) The Company, as permitted by the OEB's Retail Settlement and Distribution System Code, may obtain a security deposit or L/C from customers to mitigate risk of payment default.
- (iii) The percentage of accounts receivable that is outstanding more than 90 days is approximately 8.8% (2024 - 7.7%) of the total net outstanding balance.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 24. Financial instruments and risk management (continued):

- (iv) The Company includes an amount of accounts receivable write-offs within net income for rate-setting purposes.

Expected credit risk losses:

2024	\$ 4,775
Additional allowances	3,195
Write-offs	(1,570)
	1,625
2025	\$ 6,400

Pursuant to their respective terms, accounts receivable are aged as follows as at December 31:

	2025	2024
Total accounts receivable	\$ 107,520	\$ 108,092
Less: expected credit losses	6,400	4,775
<b>Total accounts receivable, net</b>	<b>\$ 101,120</b>	<b>\$ 103,317</b>
Of which:		
Unbilled revenue	\$ 52,022	\$ 48,749
Outstanding less than 30 days	41,215	44,186
Outstanding 31 days but not more than 60 days	3,146	4,990
Outstanding 61 days but not more than 90 days	2,223	2,207
Outstanding 91 days but not more than 120 days	2,532	1,497
Outstanding more than 120 days	6,382	6,463
	107,520	108,092
Less: expected credit losses	6,400	4,775
	\$ 101,120	\$ 103,317

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 24. Financial instruments and risk management (continued):

### (d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has access to credit facilities and monitors cash balances daily. Short-term liquidity is provided through cash on hand, funds from operations and a revolving credit facility. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The current challenging economic climate affected by high inflation, fluctuating interest rates, geopolitical instability, and emerging climate-related risks may lead to material adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct negative impact on the Company's operating results and financial position in the future. Accordingly, the Company continues to monitor and adapt its response plan as the economic climate evolves.

The liquidity risks associated with financial commitments are as follows:

Financial commitments as of December 31, 2025:

	Due within one year	Due between one and five years	Due past five years
Financial liabilities:			
Accounts payable and accrued liabilities - undiscounted	\$ 85,780	\$ —	\$ —
Short-term debt - undiscounted (note 10)	17,974	—	—
Long-term debt - undiscounted	10	340,314	13,067
Leases - discounted	71	44	—
	<u>\$ 103,835</u>	<u>\$ 340,358</u>	<u>\$ 13,067</u>

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 24. Financial instruments and risk management (continued):

Financial commitments as of December 31, 2024:

	Due within one year	Due between one and five years	Due past five years
Financial liabilities:			
Accounts payable and accrued liabilities - undiscounted	\$ 76,123	\$ —	\$ —
Short-term debt - undiscounted (note 10)	77,126	—	—
Long-term debt - undiscounted	709	286,232	20,080
Leases - discounted	95	115	—
	<u>\$ 154,053</u>	<u>\$ 286,347</u>	<u>\$ 20,080</u>

### (e) Fair values:

The Company included \$10,176 of unrealized loss (2024 - \$12,289) in its financial statements. This is the fair value, using a discounted cash flow model, of the interest rate swap derivatives which represents the amount that the Company would pay if it decided to settle its interest rate swap obligations as at December 31, 2025.

Fair value measurements recognized in the statement of income and comprehensive income are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

The interest rate swap derivatives are all Level 2 as at December 31, 2025. There were no transfers between levels during the year.

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 24. Financial instruments and risk management (continued):

The carrying amounts of all financial instruments, except the short-term debt and long-term debt approximate fair values due to the immediate or short-term maturity of these financial instruments.

The estimated fair values of the loans payable, including related party loans, are as follows:

Instrument	2025		2024	
	Fair value	Carrying value	Fair value	Carrying value
Town of Ajax promissory note, due on demand	\$ —	\$ —	\$ 14,060	\$ 14,060
Town of Whitby promissory note, due on demand	—	—	28,338	28,338
City of Pickering promissory note, due on demand	17,974	17,974	17,974	17,974
City of Belleville promissory note, due on demand	—	—	5,588	5,588
City of Clarington promissory note, due on demand	—	—	5,966	5,966
Notes payable to the Corporation, maturing on December 9, 2034	12,860	13,000	12,918	13,000
Notes payable to the Corporation, maturing on December 17, 2039	—	—	9,133	10,500
Loan payable to the Corporation, maturing on September 1, 2031	48	48	55	55
Loan payable to the Town of Cobourg Holding Inc., maturing on February 1, 2044	77	73	80	75
Long-term debt from the Bank, maturing on November 2, 2028	—	—	35,374	33,390
Long-term debt from the Bank, maturing on August 2, 2028	—	—	230,305	220,000
Long-term debt from the Bank, maturing on June 29, 2026	—	—	29,811	30,000
Long-term debt payable to the Corporation, maturing on November 2, 2028	33,724	33,390	—	—
Long-term debt payable to the Corporation, maturing on August 2, 2028	220,662	220,000	—	—
Long-term debt payable to the Corporation, maturing on December 29, 2028	86,214	86,880	—	—
Short-term debt	—	—	5,200	5,200
<b>Total</b>	<b>\$ 371,559</b>	<b>\$ 371,365</b>	<b>\$ 394,802</b>	<b>\$ 384,146</b>

# ELEXICON ENERGY INC.

Notes to the Financial Statements (continued)  
(In thousands of dollars)

Year ended December 31, 2025

## 24. Financial instruments and risk management (continued):

### (f) Capital management:

The Company considers its capital structure to consist of shareholder's equity, short-term debt, long-term debt, bank indebtedness, less cash. The Company's capital structure was as follows:

	2025	2024
Cash	\$ (11,465)	\$ (487)
Short-term debt	17,974	77,126
Long-term debt	353,391	307,021
	371,365	384,147
Share capital	160,948	98,796
Retained earnings	66,727	63,609
Contributed surplus	77,849	77,849
Contributed capital	23	23
Accumulated other comprehensive income	244	2,420
	305,791	242,697
Total capital	\$ 665,691	\$ 626,357



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2 **RESPONSE:**

3 a) As shown in response to 4-Staff-123, the demand for LEAP funding has increased  
4 substantially since the establishment of the deferral account in 2024. The uncertainty in  
5 customer demand for LEAP funding is illustrated by Elexicon's 2025 actual LEAP amount  
6 which was is 389K and outpaced its forecast of 320K. The 2025 actual amount also exceeds  
7 the forecast amounts for the 2027 to 2031 period. Given the growing pace of demand for  
8 LEAP funding as well as broader economic conditions, Elexicon believes its is appropriate to  
9 continue the account. Doing so ensures that Elexicon has the means to support its  
10 customers.

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12 b) Hydro Ottawa's partial settlement, which was approved by the OEB, included the  
13 continuation of the account.<sup>1</sup> Elexicon's proposal is consistent with the outcomes of that  
14 proceeding.

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<sup>1</sup> Hydro Ottawa Limited, EB-2024-0115, Decision and Order – Settlement Proposal, page 35 of 61.

**RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

**INTERROGATORY 9-STAFF-192**

Account 1508 - Estimated Useful Lives

Ref 1: April 2, 2026 Exhibit 9 / Tab 3 / Schedule 5 / pdf p. 35

Ref 2: EE\_Exhibit 9-3-5(3)\_Change in Useful Lives Summary\_20260402

Ref 3: EE\_Exhibit 9-3-5(3)\_Change in Useful Lives Summary\_20251219

OEB staff has compiled the table below using information provided in Refs 1, 2, and 3.

	Updated		Pre-Filed		Variance	
	2025	2026	2025	2026	2025	2026
	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Actual	Forecasted	Forecasted	Forecasted	Actual vs Forecast	Forecasted
	\$	\$	\$	\$	\$	\$
<b>PP&amp;E Values under WUL</b>						
Opening net PP&E	66,274,694	63,531,737	66,274,694	63,253,022	-	278,715
Net Additions	(269,746)	(540,051)	(340,338)	(290,051)	70,592	(250,000)
Net Depreciation (amounts should be negative)	(2,473,212)	(2,644,748)	(2,681,335)	(2,685,097)	208,123	40,349
<b>Closing net PP&amp;E</b>	<b>63,531,737</b>	<b>60,346,938</b>	<b>63,253,022</b>	<b>60,277,874</b>	<b>278,715</b>	<b>69,064</b>
<b>PP&amp;E Values under EEUL</b>						
Opening net PP&E	65,201,190	62,038,671	65,201,190	61,964,548	-	74,123
Net Additions	(269,746)	(540,051)	(340,338)	(290,051)	70,592	(250,000)
Net Depreciation (amounts should be negative)	(2,892,773)	(2,529,202)	(2,896,304)	(2,774,143)	3,531	244,941
<b>Closing net PP&amp;E</b>	<b>62,038,671</b>	<b>58,969,418</b>	<b>61,964,548</b>	<b>58,900,353</b>	<b>74,123</b>	<b>69,064</b>
<b>Difference in Closing net PP&amp;E, under EEUL vs. WUL</b>	<b>1,493,066</b>	<b>1,377,520</b>	<b>1,288,474</b>	<b>1,377,520</b>	<b>204,592</b>	<b>(0)</b>

OEB staff notes that the “Difference in closing net PP&E under EEUL compared to WUL” remains unchanged in 2026, while the 2025 value has been updated to actual in the updated evidence. OEB staff further notes that Elexicon Energy updated the net additions and net depreciation for 2026 such that the resulting difference in closing net PP&E remains unchanged.

OEB staff also notes that in both the pre-filed and updated evidence, Elexicon Energy identified the values for 2025 and 2026 as actual. However, based on a review of the supporting information, OEB staff has classified the values for both years as forecast in the pre-filed evidence, and the value for 2026 as forecast in the updated evidence, as reflected in the Staff-compiled table below.

1 Questions:

2 a) Please confirm OEB staff observation is correct.

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4 i) If confirmed, please provide high level supporting calculations for the 2026

5 forecast net additions and net depreciation reflected in the table, along

6 with an explanation of how those forecast amounts were determined, and update the relevant

7 evidence accordingly.

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10 **RESPONSE:**

11 a) Elexicon confirms that OEB staff observations are correct

12 i) Table 13 from the April 2nd Exhibit 9 Evidence Update (Exhibit 9 - Tab 3 - Schedule 5) has

13 been provided as Table 1 below. Elexicon acknowledges that 2026 should be labelled "forecast".

14 High level supporting calculations for the 2026 forecast net additions and net depreciation (high

15 lighted yellow in Table 1 for ease of reference) has been provided in Table 2 below.

16 The main driver for the change is the timing of removals. There was a decrease in the forecast for

17 additions in 2026 from -\$290,051 to -\$540,051 based on the removal activity in 2026 Q1 for WRZ

18 (~\$150K).

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**Table 1: Impact of Accounting Changes to PP&E – WRZ<sup>1</sup>**

2019	2020	2021	2022	2023	2024	2025	2026
MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast
\$	\$	\$	\$	\$	\$	\$	\$

**PP&E Values - Whitby Useful Life**

Opening net PP&E	86,742,266	83,763,215	79,955,722	76,288,623	72,618,026	69,408,958	66,274,694	63,531,737
Net Additions	-214,257	-244,407	-186,141	-573,187	-336,491	-442,559	-269,746	-540,051
Net Depreciation (amounts should be negative)	-2,764,794	-3,563,086	-3,480,957	-3,097,410	-2,872,576	-2,691,705	-2,473,212	-2,644,748
Closing net PP&E	83,763,215	79,955,722	76,288,623	72,618,026	69,408,958	66,274,694	63,531,737	60,346,938

**PP&E Values - Elexicon Useful Life**

Opening net PP&E	86,742,266	83,409,761	79,572,838	75,955,720	72,177,345	68,667,436	65,201,190	62,038,671
Net Additions	-214,257	-244,407	-186,141	-573,187	-336,491	-442,559	-269,746	-540,051
Net Depreciation (amounts should be negative)	-3,118,248	-3,592,517	-3,430,977	-3,205,187	-3,173,418	-3,023,688	-2,892,773	-2,529,202
Closing net PP&E	83,409,761	79,572,838	75,955,720	72,177,345	68,667,436	65,201,190	62,038,671	58,969,418

<b>Difference in Closing net PP&amp;E, under Elexicon Useful Life compared to Whiby Useful Life</b>	1,377,520
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<sup>1</sup> Numbers may not sum due to rounding.

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2 **Table 2: Supporting Calculations for 2026 Forecast for Net Additions and Depreciation**

<b>PP&amp;E Values under WUL (\$)</b>	
2026 Removals	-540,051
Net Additions	<b>-540,051</b>
2026 Depreciation on Assets	-3,359,647
2026 Depreciation on Deferred Revenue	462,381
2026 LTD Depreciation on Removals	252,519
Net Depreciation	<b>-2,644,748</b>
<b>PP&amp;E Values under VUL (\$)</b>	
2026 Removals	<b>-540,051</b>
Net Additions	-540,051
2026 Depreciation on Assets	-3,390,085
2026 Depreciation on Deferred Revenue	371,105
2026 LTD Depreciation on Removals	489,778
Net depreciation	<b>-2,529,202</b>

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**RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

**INTERROGATORY 9-STAFF-193**

Account 1511: Cloud Computing Implementation Costs (Dx NEXT)  
 Ref 1: EE\_Exhibit 9-1-1(1)\_DVA Continuity Schedule\_20251219/ 2b. Continuity Schedule  
 Ref 2: EE\_Exhibit 9-1-1(1)\_DVA Continuity Schedule - EE\_20260402/2b. Continuity Schedule  
 OEB staff has compiled the table below using information provided in Refs 1 and 2 for Account 1511 Cloud Computing Implementation Costs.

	Principal Adjustments during 2024	Interest Adjustments during 2024	Transactions Debit / (Credit) during 2025	Interest Jan-1 to Dec-31-25	Projected Transactions Debit / (Credit) during 2026	Projected Interest Jan-1 to Dec-31-26	Projected Transactions during 2027	Projected Interest 2027-2036	Total Claim
Pre-filed	\$ 626,259	\$ 5,906	\$ 15,018,735	\$ 198,371	\$ 6,866,870	\$ 538,530	\$ 19,492,916	\$ 5,002,726	\$47,750,314
Updated	\$ 626,259	\$ 5,906	\$ 11,584,853	\$ 186,302	\$ 10,300,753	\$ 431,773	\$ 19,492,916	\$ 4,485,024	\$47,113,787
Difference	\$ -	\$ -	\$ 3,433,882	\$ 12,069	\$ (3,433,883)	\$ 106,757	\$ -	\$ 517,702	\$ 636,527

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OEB staff notes that the updated figure for 2025 actual amount decreased by \$3,433,882 as compared to the figure in pre-filed evidence, and the 2026 forecast amount in the updated evidence has been increased by the same amount as compared to the figure in the pre-filed evidence.

Questions:

- a) Please confirm OEB staff observation is correct.
- i) If confirmed, please provide high level supporting calculations for the 2026 forecast increase amount reflected in the table, along with an explanation of how those forecast amounts were determined, and update the relevant evidence accordingly.

**RESPONSE:**

- a) Elexicon confirms that OEB staff's observation is correct.

1        i) Implementation costs were forecasted for the years 2025, 2026 and 2027. The  
2        implementation cost forecast as filed in December of 2025 was based on initial  
3        assumptions about project scope and the timing of the completion of that scope. As the  
4        project scope assumptions are refined, the timing of the expenses is revised to align with  
5        the scope. The timing of when expenditures are recorded in the account is based on when  
6        the expenses are realized. In 2025, Elexicon recorded \$12.2M in implementation costs in  
7        the DVA. The rest of implementation costs will be recorded in 2026 and 2027. There is no  
8        change to overall implementation costs.



1 and 3 present different figures for both years.

	Updated		Pre-Filed		Variance	
	2025 MIFRS	2026 MIFRS	2025 MIFRS	2026 MIFRS	2025 MIFRS	2026 MIFRS
	Actual	Forecasted	Forecasted	Forecasted	Actual vs Forecast	Forecasted
	\$	\$	\$	\$	\$	\$
<b>PP&amp;E Values under former CGAAP</b>						
Opening net PP&E	318,299,297	337,617,959	318,299,297	337,617,959	-	-
Net Additions	36,514,079	30,378,325	36,514,079	30,378,325	-	-
Net Depreciation (amounts should be negative)	-17,195,417	-17,699,956	-17,195,417	-17,699,956	-	-
Closing net PP&E	337,617,959	350,296,328	337,617,959	350,296,328	-	-
<b>PP&amp;E Values under MIFRS</b>						
Opening net PP&E	313,283,998	331,749,736	313,283,998	331,749,736	-	-
Net Additions	34,685,060	28,938,501	34,685,060	28,938,501	-	-
Net Depreciation (amounts should be negative)	-16,219,322	-16,825,763	-16,219,322	-16,825,763	-	-
Closing net PP&E	331,749,736	343,862,474	331,749,736	343,862,474	-	-
<b>Difference in Closing net PP&amp;E, former CGAAP vs. MIFRS</b>	<b>5,868,223</b>	<b>6,433,854</b>	<b>5,868,223</b>	<b>6,433,854</b>	<b>-</b>	<b>-</b>

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4 Questions:

5 a) Please confirm OEB staff observation is correct.

6 ii) If confirmed, please provide high level supporting calculations for the 2026 forecast increase  
7 amount reflected in the table, along with an explanation of how those forecast amounts were  
8 determined, and update the relevant evidence accordingly.

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11 **RESPONSE:**

12 a) Elexicon confirms that OEB staff observations are correct.

13 i) Elexicon acknowledges that Ref 3 "April 2, 2026 Exhibit 9 / Tab 3 / Schedule 5 / pdf p. 45 /  
14 Table 17" was not changed to reflect the updates and to match Ref 1 "EE\_Exhibit 9-3-  
15 5(5)\_OEB App.2-EA\_Account 1575\_20260402". Elexicon also acknowledges that 2026  
16 should be labelled 'forecast'. An updated version of Table 17 is provided below as Table 1.

**Table 1: Impact of Accounting Change to PP&E - VRZ<sup>1</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>PP&amp;E Values under former CGAAP</b>													
Opening net PP&E	183,865,661	193,389,538	203,256,485	215,505,914	226,441,516	236,511,048	252,385,373	260,287,174	274,174,949	291,744,172	306,029,743	317,942,150	346,586,964
Net Additions	19,938,586	21,245,765	24,062,085	23,440,565	23,016,680	29,131,831	22,457,391	29,131,420	33,948,395	31,006,006	28,510,011	45,343,175	51,215,268
Net Depreciation	-10,414,709	-11,378,818	-11,812,656	-12,504,963	-12,947,148	-13,257,507	-14,555,590	-15,243,645	-16,379,173	-16,720,434	-16,240,458	-16,698,361	-18,057,187
<b>Closing net PP&amp;E</b>	<b>193,389,538</b>	<b>203,256,485</b>	<b>215,505,914</b>	<b>226,441,516</b>	<b>236,511,048</b>	<b>252,385,373</b>	<b>260,287,174</b>	<b>274,174,949</b>	<b>291,744,172</b>	<b>306,029,743</b>	<b>318,299,297</b>	<b>346,586,964</b>	<b>379,745,045</b>
<b>PP&amp;E Values under MIFRS</b>													
Opening net PP&E	183,865,661	192,829,411	202,351,061	214,329,094	225,170,390	235,090,141	250,151,653	257,667,096	271,342,093	288,135,722	301,752,746	312,926,850	341,634,469
Net Additions	19,328,037	20,778,944	23,586,925	23,125,960	22,589,339	27,626,760	21,587,894	28,355,249	32,379,120	29,456,975	26,711,201	44,836,390	48,466,734
Net Depreciation	-10,364,286	-11,257,294	-11,608,892	-12,284,664	-12,669,589	-12,565,248	-14,072,451	-14,680,253	-15,585,491	-15,839,951	-15,179,950	-16,128,772	-16,790,011
<b>Closing net PP&amp;E</b>	<b>192,829,411</b>	<b>202,351,061</b>	<b>214,329,094</b>	<b>225,170,390</b>	<b>235,090,141</b>	<b>250,151,653</b>	<b>257,667,096</b>	<b>271,342,093</b>	<b>288,135,722</b>	<b>301,752,746</b>	<b>313,283,998</b>	<b>341,634,469</b>	<b>373,311,191</b>
Difference in Closing net PP&E, former CGAAP compared to MIFRS													6,433,854
<b>Effect on Deferral and Variance Account Rate Riders</b>													
Closing balance in Account 1575													6,433,854
Return on Rate Base Associated with Account 1575 balance at WACC (6.46% on 2026 balance)													415,627
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>													<b>6,849,481</b>

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<sup>1</sup> Numbers may not sum due to rounding.

1 ii) Below is a copy of OEB Staff's analysis (above), included for context.

	Updated		Pre-Filed		Variance	
	2025	2026	2025	2026	2025	2026
	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Actual	Forecasted	Forecasted	Forecasted	Actual vs Forecast	Forecasted	
	\$	\$	\$	\$	\$	\$
<b>PP&amp;E Values under former CGAAP</b>						
Opening net PP&E	317,942,150	346,586,964	318,299,297	337,617,959	(357,148)	8,969,004
Net Additions	45,343,175	51,215,268	36,514,079	30,378,325	8,829,095	20,836,943
Net Depreciation (amounts should be negative)	-16,698,361	-18,057,187	-17,195,417	-17,699,956	497,057	(357,231)
Closing net PP&E	346,586,964	379,745,045	337,617,959	350,296,328	8,969,004	29,448,717
<b>PP&amp;E Values under MIFRS</b>						
Opening net PP&E	312,926,850	341,634,469	313,283,998	331,749,736	(357,148)	9,884,732
Net Additions	44,836,390	48,466,734	34,685,060	28,938,501	10,151,329	19,528,233
Net Depreciation (amounts should be negative)	-16,128,772	-16,790,011	-16,219,322	-16,825,763	90,550	35,752
Closing net PP&E	341,634,469	373,311,191	331,749,736	343,862,474	9,884,732	29,448,717
<b>Difference in Closing net PP&amp;E, former CGAAP vs. MIFRS</b>	<b>4,952,495</b>	<b>6,433,854</b>	<b>5,868,223</b>	<b>6,433,854</b>	<b>(915,728)</b>	<b>(0)</b>

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The high level supporting calculations for the pre-filed and updated 2026 forecast increases are provided in the tables below, showing the change from the 2025 NBV to the resulting 2026 NBV.

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**Table 2: Pre-Filed 2026 Forecast – Calculation of Increase in Net Book Value**

Reconciliation	Amount (\$)
Opening Position - 2025 NBV	-5,868,223
Less: 2026 Removal	-1,439,824
Add: 2026 Depreciation on Removals prior to 2025	339,789
Add: 2026 Depreciation on 2026 Removals	47,341
Add: Prior Years' Accumulated Depreciation on 2026 Removals	487,063
Net Change (Increase) to 2026 NBV	-565,631
Resulting 2026 NBV	-6,433,854

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**Table 3: Updated 2026 Forecast – Calculation of Increase in Net Book Value**

Reconciliation	Amount (\$)
Opening Position - 2025 NBV	-4,952,495
Less: 2026 Removal	-2,748,534
Add: 2026 Depreciation on Removals prior to 2025	299,830
Add: 2026 Depreciation on 2026 Removals	82,845
Add: Prior Years' Accumulated Depreciation on 2026 Removals	884,501
Net Change (Increase) to 2026 NBV	-1,481,359
Resulting 2026 NBV	-6,433,854

11

1 The change in the calculated 2026 forecast increase between the pre-filed and updated evidence is  
2 primarily driven by the timing of asset removals, with certain removals deferred from 2025 to  
3 2026, resulting in corresponding changes to removal values and associated depreciation  
4 components.

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**RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

**INTERROGATORY 9-STAFF-195**

Account 1592 Sub-account CCA Changes

Ref 1: April 2, 2026 Exhibit 9 / Tab 3 / Schedule 5 / pdf p. 47

Preamble:

OEB staff has compiled the tables below to compare the pre-filed and updated 2025 and 2026 CCA forecasts for VRZ, WRZ, and at the Elexicon Energy (EE) level. Elexicon Energy stated that the 2025 forecast remains pending finalization of the 2025 tax return.

OEB staff notes that additions at the EE level remain relatively flat in 2026, there is a material reallocation between rate zones, with over \$3.8 million shifted between VRZ and WRZ in the 2026 forecast (\$53M for VRZ has been updated to \$57M and \$13M for WRZ has been updated to \$9.5M).

	<b>Additions</b>	<b>VRZ</b>	<b>WRZ</b>	<b>EE</b>
Pre-Filed	2025(forecast)	43,617,221	15,536,141	59,153,362
	2026(forecast)	53,431,091	13,408,455	66,839,546
Updated	2025(forecast)*	48,926,165	12,232,239	61,158,404
	2026(forecast)	57,299,192	9,569,703	66,868,895
Variance	2025(forecast)	(5,308,945)	3,303,903	(2,005,042)
	2026(forecast)	(3,868,100)	3,838,752	(29,348)

\*pending final 2025 tax return

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Questions:

a) Please confirm whether OEB staff's understanding that the \$2.15 million proposed return relates to the WRZ is correct.

b) Please explain the reasons for the significant changes in the 2026 CCA forecast between VRZ and WRZ, including the drivers behind the reallocation of amounts between the two

1 rate zones.

2 c) Please confirm when Elexicon Energy expects to update the CCA calculations  
3 using the final 2025 tax return, and whether any material changes are anticipated for the 2025 and  
4 2026 forecasts as a result.

5 i) If material changes are anticipated, please explain the underlying drivers of those changes.

6

7

8 **RESPONSE:**

9 a) Correct. Please refer to the response to 9-SEC-98 for updated Account 1592 balance which  
10 includes impact for Bill C-15.

11

12 b) The difference in the 2026 pre-filed and updated 2026 CCA forecast between VRZ and WRZ  
13 reflect a change in the reallocation of capital addition amounts between the two rate zones.  
14 The pre-filed allocation for the 2026 WRZ capital additions was based on 2024 actuals, whereas  
15 the updated allocation for the 2026 WRZ capital additions is based on 2025 actual allocation.

16

17 c) The 2025 tax return is expected to be filed in the last week of June 2026. At this time, no  
18 material changes are expected to 2025 and 2026 as a result of the tax return. Please refer to  
19 the response to 9-SEC-98 for the updated Account 1592 balance and to 6-SEC-88 for the  
20 updated PILs model, both of which includes the impact of Bill C-15.



1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

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3   **INTERROGATORY 10-STAFF-197**

4

5   Application of Energy System Test

6   Ref 1: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / p. 3 (PDF p. 17)

7

8   Preamble:

9   Elexicon Energy applied the OEB’s Distribution Service Test to compare non-wires  
10   solution (NWS) alternatives to the planned traditional wires investments in Elexicon Energy’s  
11   Distribution System Plan.

12

13   Question(s):

14   a. If deployed, are the technically feasible NWS that were considered (i.e., battery energy storage  
15   system) expected to yield energy system benefits? If so, please comment on the nature and  
16   magnitude of these benefits.

17   b. Should there be meaningful energy system benefits associated with any of the  
18   technically feasible battery energy storage systems (BESS), please update the filed benefit-cost  
19   analyses (BCA) to include the OEB’s Energy System Test.

20

21

22   RESPONSE:

23   a) and b) The evidence shows that deferring distribution infrastructure through NWS does not  
24       produce sufficient benefits to make the Bradshaw MS and feeder capacity and undersized  
25       conductor projects economically viable from a distribution perspective. Any potential marginal  
26       benefit associated with reducing province-wide electricity commodity costs would not justify  
27       the allocation of distribution capital to these solutions, particularly given the existence of IESO-  
28       administered programs that are specifically designed to address such benefits at a system-wide  
29       level.

1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

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3   **INTERROGATORY 10-STAFF-198**

4

5   Other Infrastructure Deferral Options

6   Ref 1: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / pp. 5-6 (PDF pp. 19-20)

7

8   Preamble:

9   Elexicon Energy considered a one-year deferral for both the Bradshaw Municipal  
10   Substation Capacity Upgrade and the Feeder Capacity and Undersized Conductors projects.

11   Furthermore, Elexicon Energy noted that as the modelled deferral period  
12   increases, increased BESS capacity would be required, resulting in progressively reduced NWS cost-  
13   effectiveness.

14

15   Elexicon Energy filed two BCAs for the assessed Bradshaw municipal substation  
16   deferral; one from the perspective of the Bradshaw municipal substation and a second from the  
17   perspective of the Bowmanville region.

18

19   Question(s):

20   a. Please indicate all other deferral periods considered.  
21   b. Please confirm whether deployment of the BESS NWS considered would result in a negative net  
22   present value for all deferral periods considered.

23   c. Please provide a BCA for the longest deferral period considered for each of the  
24   Bradshaw Municipal Substation Capacity Upgrade and the Feeder Capacity and Undersized  
25   Conductors projects.

26   d. Other than the Bradshaw municipal substation, are there any other capital infrastructure  
27   projects that may be deferred in the scenario assessed from the Bowmanville region perspective? If  
28   so, please identify those capital infrastructure projects and their expected capital costs.

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4 **RESPONSE:**

5 a) Elexicon considered deferral periods between one and four years.

6 b) Confirmed.

7 c) Please see the three revised benefit cost analysis (BCAs) showing the results of a four-year  
8 deferral for the Bradshaw Municipal Substation Capacity Upgrade and the Feeder Capacity and  
9 Undersized Conductors projects. The longest deferral considered was a four-year deferral  
10 period. Please refer to the attached Excel files *10-Staff-198(1)\_Appendix A Bradshaw MS BCA*  
11 *Bradshaw Region Four-Year Deferral\_20260527*, *10-Staff-198(2)\_Appendix B Bradshaw MS BCA*  
12 *Bowmanville Region Four-Year Deferral\_20260527* and *10-Staff-198(3)\_Appendix C Feeder*  
13 *Capacity and Undersized Conductor BCA (Bell-F2) Four-Year Deferral\_20260527*, which provide  
14 the revised benefit cost analysis for the four-year deferral period.

15 d) No. Other than the Bradshaw MS project, there are no additional capacity-related capital  
16 investments planned in the Bowmanville region for the 2027–2031 period. Consistent with the  
17 project drivers for Bradshaw MS described in Exhibit 2B – Tab 4 – Schedule 3 – Appendix I –  
18 Page 43-47, additional investment post-2031 will be required in the region to fully resolve  
19 capacity constraints.



1 **RESPONSE:**

2 a) As described within the Substation Growth investment program, Exhibit 2B – Tab 4 –  
3 Schedule 3 – Appendix I – Page 21 and 43-47, the Bradshaw MS project will begin in 2029  
4 and be completed (in-service) in 2031. Capital expenditures during this period are  
5 associated with the project for such activities as engineering, design, procurement, civil,  
6 and electrical construction. This treatment is reflected in Elexicon’s benefit cost analysis  
7 (BCA) calculations, where the opening net book value is \$0 until 2031 and, in 2031, reflects  
8 the full capital spend. This indicates that the asset enters the rate base and begins  
9 depreciating in 2031, consistent with the assumed in-service date.

10

11 The Feeder Capacity and Undersized Conductors evaluation is treated similarly, and the  
12 Bell-F2 project has capital expenditures and an in-service date of 2030. Additionally, the  
13 project(s) comprising this program are planned to be in-service by the end of 2031, while  
14 the associated capital expenditures are incurred prior to the in-service date to reflect  
15 design, construction and implementation timing.

16

17 b) No updates to the filed BCAs are required. As discussed in response to part (a), the capital  
18 expenditure timing shown in the BCA inputs reflects project spending prior to energization,  
19 while the distribution capacity benefit streams are based on the in-service year for when  
20 the traditional infrastructure solutions are expected to be added to rate base.





- 1       • Consistent with OEB guidance, capital costs associated with NWS alternatives  
2       are annualized over the study period to reflect lifecycle costs on a comparable annual  
3       basis.<sup>1</sup>  
4       • To ensure a valid comparison, these annual values are expressed in real (deflated)  
5       dollars, such that all cost streams are presented in a common dollar year for comparison.<sup>2</sup>

6  
7       Accordingly, for additional clarity Elexicon has re-labelled the column “Capital Costs (\$M)” to  
8       “Annualized Capital Costs, (\$M, 2026)” as reflected below. To avoid further confusion, Elexicon has  
9       also removed the total spend row (which previously summed up the discounted annualized values)  
10      and updated the Table labels and descriptions to better align with the updated title.

11  
12      Tables 8 and 9 have been reproduced below to reflect this corrected labeling. No other changes  
13      have been made.

14  
15      **4.4.4. PROGRAM COSTS- SUMMARY**

16      Table 8 provides a breakdown of the estimated annualized costs for deploying an 8-hour  
17      battery in 2026 dollars.

18

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<sup>1</sup> *ibid, p.16*

<sup>2</sup> *ibid, p.27*

1 **Table 8. Annualized 8-Hour BESS Program Costs (\$M, 2026)**

Year	Annualized Capital Costs (\$M, 2026)	OM&A (\$M, 2026)	Total Annual Cost (\$M, 2026)
2031	\$4.09	\$1.57	\$5.66
2032	\$4.01	\$1.54	\$5.55
2033	\$3.93	\$1.51	\$5.44
2034	\$3.85	\$1.48	\$5.33
2035	\$3.78	\$1.45	\$5.23
2036	\$3.70	\$1.42	\$5.13
2037	\$3.63	\$1.40	\$5.03
2038	\$3.56	\$1.37	\$4.93
2039	\$3.49	\$1.34	\$4.83
2040	\$3.42	\$1.31	\$4.74
2041	\$3.35	\$1.29	\$4.64
2042	\$3.29	\$1.26	\$4.55
2043	\$3.22	\$1.24	\$4.46
2044	\$3.16	\$1.21	\$4.38
2045	\$3.10	\$1.19	\$4.29
<b>NPV of BESS Costs: \$45.8</b>			

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Table 9 provides a breakdown of the estimated annualized costs for deploying a 4-hour battery in 2026 dollars.

1 **Table 9. Annualized 4-Hour BESS Program Costs (\$M, 2026)**

Year	Annualized Capital Costs (\$M, 2026)	OM&A (\$M, 2026)	Total Annual Cost (\$M, 2026)
2031	\$1.62	\$0.61	\$2.23
2032	\$1.59	\$0.60	\$2.19
2033	\$1.56	\$0.58	\$2.14
2034	\$1.53	\$0.57	\$2.10
2035	\$1.50	\$0.56	\$2.06
2036	\$1.47	\$0.55	\$2.02
2037	\$1.44	\$0.54	\$1.98
2038	\$1.41	\$0.53	\$1.94
2039	\$1.39	\$0.52	\$1.90
2040	\$1.36	\$0.51	\$1.87
2041	\$1.33	\$0.50	\$1.83
2042	\$1.31	\$0.49	\$1.79
2043	\$1.28	\$0.48	\$1.76
2044	\$1.26	\$0.47	\$1.73
2045	\$1.23	\$0.46	\$1.69
<b>NPV of BESS Costs: \$18.1</b>			

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1                                   **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3   **INTERROGATORY 10-STAFF-202**

4

5   Battery Energy Storage System Options

6   Ref 1: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / pp. 25-26 (PDF pp. 39-40)

7   Ref 2: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / Appendix C / Tab Summary

8

9   Preamble:

10   In Ref 1, Elexicon Energy notes that it considered an NWS consisting of three 4-hour  
11   battery units. In Ref 2, Elexicon Energy notes that it considered an NWS consisting of  
12   two 4-hour distribution batteries to defer the replacement of the BELL-F2 feeder.

13

14   Question(s):

15   a. Please indicate whether the BESS assessed involves two or three 4-hour battery units.

16

17

18

19   **RESPONSE:**

20   a) Elexicon noted an error in the reference 2 exhibit, and confirms that three 4-hour battery units  
21   were considered.



1 candidate projects that may not proceed, CRA assessed the least-overloaded feeder under normal  
2 conditions, the Bell-F2 feeder, as a representative case. This approach provides a conservative  
3 estimate of feasibility, as the feeder with the smallest overload requires the lowest level of  
4 intervention and therefore represents the most favorable conditions under which a NWS could be  
5 viable. This analysis applied a cost-of-service BCA approach to evaluate the potential benefits.

6

7 b) Given the simplifying assumptions outlined in response (a), CRA determined that a marginal cost  
8 approach would yield a less precise assessment in this instance. In contrast, the cost-of-service  
9 approach enabled CRA to directly evaluate the defined system needs and the specific assets  
10 involved.

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**RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

**INTERROGATORY 10-STAFF-204**

Cost Consequences of Municipal Substation Deferral

Ref 1: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / Appendix A / Tab Elexicon Calculations

Ref 2: Exhibit 10 / Tab 1 / Schedule 1 / Attachment 1 / Appendix B / Tab Elexicon Calculations

Preamble:

The following image is an excerpt available in both Ref 1 and Ref 2.

Alternative (Expansion)

Installed at Time of Need					Deferred Installation				
NPV					NPV				
\$7.9					\$5.7				
Calendar Year	Opening Net Book Value	Dep'n	2026 \$		Calendar Year	Opening Net Book Value	Dep'n	2026 \$	
			Nominal Requirements	CRF / Revenue Requirements				Nominal Requirements	CRF / Revenue Requirements
2026	\$0		\$0	\$0	2026	\$0.0	\$0	\$0.0	\$0.0
2027	\$0		\$0	\$0	2027	\$0.0	\$0	\$0.0	\$0.0
2028	\$0		\$0	\$0	2028	\$0.0	\$0	\$0.0	\$0.0
2029	\$0		\$0	\$0	2029	\$0.0	\$0	\$0.0	\$0.0
2030	\$0		\$0	\$0	2030	\$0.0	\$0	\$0.0	\$0.0
2031	\$8.5	-\$0.2	\$1.0	\$0.9	2031	\$0.0	\$0	\$0.0	\$0.0
2032	\$8.3	-\$0.2	\$1.0	\$0.9	2032	\$6.4	\$0	\$0.8	\$0.7
2033	\$8.0	-\$0.2	\$1.0	\$0.8	2033	\$6.2	\$0	\$0.7	\$0.6
2034	\$7.8	-\$0.2	\$0.9	\$0.8	2034	\$6.1	-\$0.2	\$0.7	\$0.6
2035	\$7.6	-\$0.2	\$0.9	\$0.8	2035	\$5.9	-\$0.2	\$0.7	\$0.6

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Question(s):

a. Please explain why the Opening Net Book Value in 2032 under the Deferred Installation scenario differs by approximately \$2.1M from the Opening Net Book

Value in 2031 under the Installed at Time of Need scenario (yellow cells in image).

b. Please indicate why no depreciation is expected for 2032 and 2033 under the Deferred Installation scenario (orange cells in image).

1

2 **RESPONSE:**

3

4 a) The difference in Opening Net Book Value between 2031 for the Traditional Solution Installed  
5 at Time of Need and 2032 for the Deferred Installation arises from an error in the model's input  
6 references. Specifically, Column D of the Inputs and Assumptions sheet did not correctly extend  
7 to all the cells to capture the deferred first-year capital costs in 2030. This resulted in an  
8 understatement of the starting asset base under the Deferred Installation scenario.

9

10 Once corrected, the Opening Net Book Value in 2032 reflects the appropriate costs, and the  
11 discrepancy is resolved. Elexicon also notes that the resulting effect of this correction  
12 is further decline in the NPV Net DST Benefit from the original -\$15.8M to the revised -\$17.8M  
13 for the NWS. Please refer to the attached Excel files *10-Staff-204(1)\_Appendix A Bradshaw MS*  
14 *BCA Bradshaw Region\_20260527*, *10-Staff-204(2)\_Appendix B Bradshaw MS BCA Bowmanville*  
15 *Region\_20260527* and *10-Staff-204(3)\_Appendix C Feeder Capacity and Undersized Conductor*  
16 *BCA (Bell-F2)\_20260527*, which provide the corrected benefit cost analysis for the one-year  
17 deferral period.

18

19 b) The absence of visible depreciation in 2032 and 2033 under the Deferred Installation scenario  
20 is due to formatting of the depreciation outputs. Depreciation values in these years were  
21 displayed as zero due to rounding discrepancies across the columns. Years 2026 to 2032 were  
22 displayed with no decimal place and resulted in a display of \$0. The underlying value was the  
23 correct depreciation amount, which is shown once cells are adjusted to display at least one  
24 decimal place. As such, there are no changes to the resulting calculations. This has been  
25 updated in both excel spreadsheets.