

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCMBBC

JT2.1

QUESTION:

TO CONFIRM IF THERE ARE ANY AGGREGATORS IN THE SERVICE TERRITORY AND WHETHER THERE ARE ANY CONTRACTS THAT ELEXICON HAS ENTERED INTO WITH THEM, AND TO PROVIDE A COPY OF THE STANDARD CONTRACT

RESPONSE:

Elexicon confirms that it does not currently have any contractual arrangements with Distributed Energy Resource (DER) aggregators, which per the IESO definition an aggregator is a private, non-utility entity responsible for grouping individual DERs together to form a DER Aggregation (DERA) that can act as a single resource to provide wholesale market and/or distribution services.

Based strictly on these definitions, there are currently no formal DER aggregators contracted to provide services for Elexicon. To clarify our current system profile, Elexicon does have five DER customers whose agreements are tied to an IESO-registered Market Participant under the Capacity Auction program. However, participation in this program does not automatically make them aggregators; it simply means they have the potential to function as such. Elexicon does not have specific aggregator contracts with these customers, nor does Elexicon's connection agreement specify them as aggregators. Instead, Elexicon manages and treats these DER connections exactly as we would any standard connection of that specific size.

1 **TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO POLLUTION PROBE**

2
3 **JT2.2**

4 **QUESTION:**

5 CONFIRM THAT DURHAM REGION HAS COMMITTED TO NET ZERO BY 2045; IF NOT, CONFIRM
6 EXACT TARGET YEAR

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8 **RESPONSE:**

9 As part of Durham Region's Corporate Climate Action Plan,¹ Durham Region Council approved a
10 target of achieving net-zero corporate greenhouse gas ("GHG") emissions by 2045 for regional
11 corporate operations. Durham Regional Council also endorsed a region-wide target of net-zero
12 GHG emissions by 2050.

13
14 The Durham Region Community Energy Plan² outlines the residential and non-residential building
15 retrofits and net-zero building adoption rates required to support the achievement of the region-
16 wide net-zero emissions target. The building electrification component of Elexicon's Peak Load
17 Forecast (Exhibit 2B, Tab 3, Schedule 1) incorporates adoption rates from the Durham Region
18 Community Energy Plan, with varying levels of materialization applied across the forecast
19 sensitivity scenarios. Under Elexicon's selected Peak Load Forecast scenario, the high building
20 electrification sensitivity was adopted, which assumes the building electrification adoption rates
21 set out in the Durham Region Community Energy Plan.

¹ Regional Municipality of Durham, "Durham Region Corporate Climate Change Action Plan", (2020), [Durham Region Corporate Climate Action Plan](#)

² Regional Municipality of Durham, "Durham Community Energy Plan – Part 1", (April 2019), [Durham Community Energy Plan – Part 1](#).

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.3

QUESTION:

CONFIRM THE NORMALIZATION PROCESS FOR THE HEALTH INDEX IN THE PRIORITIZATION SCORE.

RESPONSE:

Based on the discussion during the Technical Conference, Elexicon interprets the scope of this undertaking to be limited to the normalization process for the health index in the **substation renewal** prioritization score.

The substation renewal priority matrix Health Index (HI) score is calculated as follows:

$$(100 - \text{Aggregate HI}) \times 250 / 100$$

The Aggregate HI is expressed on a scale of 0 to 100, whereas the substation renewal priority matrix uses a Health Index score on a scale of 0 to 250. As a result, the calculation first takes the inverse of the station's ACA Aggregate HI (i.e., a lower health index results in a higher priority score) and then normalizes the value to the 250-point scale used in the priority matrix.

The HI Score values provided in Attachment 2-Staff-55(1)_MS Priority Scores have been updated to address a calculation issue. Please find attached the excel JT_2.3(1)_MS Priority Scores Revised, which includes the corrected HI Scores calculated using the methodology described above. The revised scores in the attachment have no implications on the planned stations projects proposed in this application.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.4

QUESTION:

PROVIDE A BREAKDOWN SPECIFIC TO THE GTA EAST PROJECT AND ANY DOWNSTREAM REINFORCEMENT THAT WILL BE MADE ON THOSE GRIDS.

RESPONSE:

As part of the GTA East Transformer Station (TS) Feeder Enhancements Project, Elexicon will construct new pole lines and upgrade sections of the existing distribution infrastructure to accommodate two new 44 kV circuits originating from the GTA East TS. These circuits will connect to the existing 44 kV network in the Ajax–Pickering and Whitby areas, enabling the integration of new station capacity into the distribution system. The project will provide capacity relief to portions of the existing 44 kV network that are currently experiencing capacity constraints, thereby improving system reliability and supporting future load growth. Please refer to the attached Excel File JT_2.4(1) GTA East Feeder Enhancements for detailed project cost estimates and associated assets planned to be constructed and downstream reinforcements as part of the GTA East Feeder Enhancement project.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.5

References: 4-CCC-38

Question(s):

PROVIDE BREAKDOWNS FOR THE LICENCE, MEMBERSHIP, AND OTHER COSTS IN TABLES 1 AND 2
AT 4-CCC-38

RESPONSE:

Elexicon interprets this request as relating specifically to the forecast period from 2027 to 2031.

Tables 1 and 2 below provide a breakdown of the forecast License, Membership, and Other costs included in Asset Planning and System Engineering (APSE) OM&A segment and the forecast Licensing Costs/Others included in Design Services and Connections (DS&C) OM&A segment provided in response to 4-CCC-38(a). These costs relate to expenditures required to support planning, engineering, design, and connection-related activities. Additional details regarding the specific costs included within each category are provided following the tables. Certain costs, including Electrical Safety Authority (ESA) fees, legal fees, and office supplies, are shared between APSE and DS&C. The amounts shown in each segment represent allocated portions of these shared expenditures and do not result in double counting.

Table 1 provides a breakdown of the forecast License/Membership/Other costs included in the APSE segment for the 2027 to 2031 period.

- Licences: Includes such items as licencing for CYME power software engineering solutions, Prophix, and computer-aided design software.
- Memberships: Includes such items as memberships with the Canadian Standards Association (CSA), Electrical Safety Authority (ESA), Centre for Energy Advancement through Technological Innovation (CEATI), Electricity Canada and the Electricity Distributors

1 Association. These items support the Standards and System Studies, Distribution System
2 Planning, and Load Forecasting and Stations Planning functions within the APSE segment.

- 3 • Other: This is comprised of legal expenses, office supplies, conferences, professional
4 development, external training, and regulatory expenses.

5 Collectively, these expenditures ensure APSE personnel maintain the technical knowledge, industry
6 awareness, regulatory understanding, and professional competencies necessary to effectively
7 perform asset planning, system engineering, investment prioritization, and long-term distribution
8 system planning activities.

9
10
11

Table 1: Asset Planning and System Engineering (APSE) OM&A Segment – Breakdown of Licensing, Membership and Other Costs

	2027	2028	2029	2030	2031
Licence	102,237	103,466	104,182	105,655	106,762
Membership	126,468	130,023	133,629	137,360	141,154
Other (External Training, Office Supplies, Legal, Professional Development)	59,495	60,611	61,689	63,285	64,484
Total	288,200	294,100	299,500	306,300	312,400

12

13 Table 2 provides a breakdown of the forecast Licensing Costs/Others included in the DS&C
14 segment.

- 15 • Licences: Includes ESA fees
- 16 • Other: This primarily consists of includes external regulatory legal support which is to
17 review and streamline Offer to Connect (OTC) updates, counterparty discussions, and
18 administration of current arrangements, as well as minor purchases such as office supplies.

19

20 **Table 2: Design Services & Connection (DS&C) OM&A Segment – Breakdown of Licensing**
21 **and Other Costs**

	2027	2028	2029	2030	2031
Licenses	37,077	37,612	38,696	39,059	39,825
Other (Legal and Office Supplies)	30,388	30,865	31,693	32,065	32,696
Total	67,500	68,500	70,400	71,100	72,500

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TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.6

Question(s):

To provide the maximum number of hours an employee can work in accordance with the Employment Standards Act

RESPONSE:

Elexicon understands the undertaking request to be for both (i) the maximum number of hours an employee may work in accordance with the Employment Standards Act, and (ii) the maximum number of Qualified Operators Elexicon may need on a given shift, based on the discussion regarding minimum and maximum control room staffing levels.

In general, hours of work are governed by the *Employment Standards Act (ESA)*. However, at Elexicon there is a collective agreement with the Power Workers' Union that applies to those employees who are represented by the union. Specific to Elexicon's System Operators, the Collective Agreement establishes normal hours of work of either an 8 or a 12 hours shift to enable 24/7 shift coverage. The Collective Agreement also contains an agreement with the union permitting employees to continue to work to a maximum weekly amount of hours as required for such circumstances by the ESA.

In any given week, System Operators may deviate from 40 hours, given the 24/7 nature of control room operations and the requirement to be ready to manage emergencies. The flexibility accorded by the Collective Agreement is essential to ensuring operational coverage. Hours worked are balanced over the course of the rotating shift schedules so that on average, employees are receiving 40 hours of base pay per week. Work outside of normally scheduled hours is paid in accordance with the overtime provisions in the collective agreement.

1 The master shift schedule is a rotating schedule covering 24/7 operations and is developed and
2 maintained in accordance with the provisions of the Collective Agreement.

3

4 Operationally, Elexicon seeks to staff a minimum of two Qualified Operators on a shift; however, the
5 number required at any given time is driven by operational demand. On days with significant
6 switching activity, planned maintenance, capital construction work, or other system requirements,
7 additional QOs may be required to safely manage the workload. During emergency situations, such
8 as major storm restoration events, Elexicon will deploy all available Qualified Operators, subject to
9 applicable staffing and work-hour requirements, to support system operations and restoration
10 efforts while maintaining adequate staffing for ongoing operations. For this reason, Elexicon does
11 not establish a fixed maximum number of QOs required on a shift, as the requirement is dependent
12 on the operational circumstances at the time.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.7

Question(s):

To provide an explanation as to why there is an increase in overtime between 2027 and 2031.

Response:

The forecasted overtime within Elexicon's System Control Centre ("SCC") is required to manage the ongoing challenges in recruiting and retaining Qualified Operators ("QOs"), to maintain operational reliability, to support the training and development of Operator Apprentices, and to manage a growing capital and maintenance work program. In addition, overtime will remain a key ongoing operational requirement within the control room in order to respond to unplanned urgent and emergency events, including storms and other unexpected periods of high operational activity.

While apprentices continue to be hired and developed, they are not yet qualified to independently perform the full range of operational duties required within the Control Centre. As a result, Qualified Operators will continue to work significant overtime to maintain coverage and support operational demands. Apprentices will also be expected work overtime hours as part of their training to gain exposure to emergency response and after-hours operational scenarios. Overtime levels will not decline until apprentices achieve full qualification status, and the overall complement of QOs increases. The sustained increase in QOs is not expected to be achieved until the end of 2031.

The increase in forecast overtime between 2027 and 2031 is required to support Elexicon's expanding operational needs, including a growing capital and maintenance work program, increased system complexity, and the need to maintain readiness for major storm and emergency response events. In addition, newly hired Operator Apprentices have limited authority and clearance to independently perform the full range of duties undertaken by Qualified Operators, as

1 illustrated in Figure 1 of the updated evidence. As a result, Qualified Operators will continue to
2 perform a significant portion of overtime work until apprentices progress through their training
3 and achieve full qualification status. Consequently, for all of the factors noted above, overtime
4 requirements are expected to remain elevated during the forecast period even as staffing levels
5 increase. While total overtime hours increase, the average overtime hours worked by each Control
6 Centre resource is expected to decrease.

7

8 The forecast reflects the resources necessary to maintain operational reliability, support Elexicon's
9 increasing workload, and provide effective response to system emergencies. Elexicon anticipates
10 that, provided it can recruit and retain sufficient staffing levels for all roles within the SCC, the
11 significant volumes of overtime required in the bridge period and forecast period will gradually
12 reduce, both overall, and on a per-employee basis, by the end of forecast period.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT2.8

QUESTION:

TO EXPLAIN THE DRIVERS OF WOOD POLE REPLACEMENT UNIT-COST FLUCTUATIONS AND THE BASIS OF THE FORECASTED UNIT COST

RESPONSE:

The forecast pole replacement unit costs in Table 2 of response to 2B-SEC-63 part b are inclusive of rear-lot pole replacement costs, where existing rear-lot pole lines are removed and converted to front-lot underground infrastructure. As these projects involve both pole removal and underground conversion activities, they result in a higher average per unit cost than a conventional pole replacement.

Table 1 below provides a breakdown of the forecasted unit costs for pole replacement and rear-lot pole removal with conversion to underground infrastructure.

Table 1: Unit Cost of Pole Replacements vs Rear-Lot Pole Removals/Conversion

	Forecast Unit Cost (\$M)				
Year	2027	2028	2029	2030	2031
Pole Replacement	0.04	0.04	0.04	0.05	0.05
Rear-Lot Pole Removal/Conversion	-	0.14	0.14	0.14	0.14

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.9

Question(s):

TO PROVIDE THE MODELS THAT UNDERPIN THE OM&A SUMMARY SHEETS FOR PROJECTS 1 AND 7

RESPONSE:

Please refer to the attached Excel files JT_2.9(1)_Project 1 and JT_2.9(2)_Project 7.

Elexicon wishes to correct the record regarding the basis on which the annual OM&A of \$146.33 million was derived. On Day 2, transcript page 103 lines 21-22, Mr. Islam stated “This would have been derived based on the 2027 operational cost forecast, subject to check.” Elexicon has since confirmed that the OM&A cost was derived from 2023 actual costs rather than the 2027 operational cost forecast.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.10

Question(s):

DEMONSTRATE HOW THE BALANCE IN THE GOCA VARIANCE ACCOUNT IS CALCULATED AND HOW THE \$326,000 RELATED TO MAPPING WAS EXCLUDED FROM THE BALANCE

RESPONSE:

Based on the discussion during the Technical Conference, Elexicon understands the scope of this undertaking to be specific the 2025 balance in the GOCA Variance Account and the mapping costs. Elexicon notes that it is important to distinguish between (i) the total balance recorded in the GOCA Variance Account and (ii) the portion of that balance included in Elexicon's claim for disposition through the proposed rate rider. The \$326,000 in mapping-related costs is included in total locate costs but is not included in the Bill 93-related costs used to determine the amount claimed for disposition through the proposed rate rider.

The excerpts below demonstrate how Elexicon determined the amount included in its disposition claim. Consistent with the OEB's Accounting Order, the GOCA Variance Account records actual locate costs, including both Bill 93-related and non-Bill 93-related costs, with an offsetting amount for locate costs already reflected in base rates. Elexicon therefore determined the balance eligible for disposition by recording actual locate costs, reducing those amounts by the locate costs included in base rates, and absorbing a portion of the Bill 93-related costs up to the amount determined to be in rates. As a result, the amount claimed for disposition is lower than the total Bill 93-related costs identified by Elexicon. The calculations below demonstrate this process and confirm that the \$326,000 of mapping-related costs is not included in the amount claimed for disposition through the proposed rate rider.

1 Table 1 provides a breakdown of Elexicon's total Locate Program costs by cost category, including
2 Locate Service Provider (LSP) costs, Ontario One Call fees, internal supervision and administration
3 costs, and the 2025 Gravenhurst and Port Hope mapping project costs. The individual cost
4 components for 2025 total \$2,211,801.

1 **Table 1: Locate Segment OM&A Cost Breakdown (Copy of Table 1 in response to 4-CCC-45 a)**

	Year	Total Program Costs (\$M)	Locate Volume	Avg. Cost per Locate (\$)	External			Internal	External
					LSP (\$)	Other Third Party Locate Costs (\$)	Ontario One Call (\$)	Internal Supervision Admin and Vehicles (\$)	Special Project Gravenhurst & Port Hope Mapping Update (\$)
Actuals	2020	1.23	25,177	49	805,013	37,523	74,226	314,172	N/A
	2021	1.11	28,249	39	863,838	26,637	76,609	140,035	N/A
	2022	1.24	29,468	42	974,190	27,373	85,410	157,611	N/A
	2023	1.68	22,018	76	1,406,779	41,266	62,420	173,581	N/A
	2024	1.89	20,879	90	1,523,386	45,673	74,914	242,989	N/A
	2025	2.21	20,023	110	1,513,943	46,094	86,563	239,154	326,047
Forecast	2026	2.1	21,602	97	1,655,046	53,726	114,965	271,303	N/A
	2027	2.18	22,250	98	1,719,890	55,831	119,469	282,474	N/A
	2028	2.22	22,918	97	1,754,288	56,948	121,859	286,967	N/A
	2029	2.44	23,605	103	1,789,373	58,087	124,296	467,269	N/A
	2030	2.49	24,313	102	1,825,161	59,249	126,782	476,631	N/A
	2031	2.54	25,043	101	1,861,664	60,434	129,317	484,135	N/A

Consistent with the OEB's GOCA Accounting Guidance, Table 2 categorizes total locate costs between Bill 93-related and non-Bill 93-related costs. The 2025 total locate costs of \$2,211,801 reconcile to the total Locate Program costs shown in Table 1 and consist of \$805,759 of Bill 93-related costs and \$1,406,042 of non-Bill 93-related costs.

Table 2: Locates Costs – Elexicon (Copy of updated Exhibit 9 - Tab 3 - Schedule 5, Table 5)

	2023 (Apr-Dec) (\$)	2024 (\$)	2025 (\$)	2026 (\$)
Total Locates costs	1,570,875	1,886,962	2,211,801	2,095,040
Bill 93 Related	532,872	641,347	805,759	850,568
Non Bill 93 Related	1,038,003	1,245,615	1,406,042	1,244,472

Table 3 provides a breakdown of the \$805,759 in Bill 93-related costs for 2025. These costs are limited to incremental LSP price increases, Ontario One Call fee increases, and incremental internal labour costs associated with complying with Bill 93. The \$326,000 mapping costs are not included in these amounts.

Table 3: Locates Costs – Bill 93 Related – Elexicon (Copy of updated Exhibit 9 - Tab 3 - Schedule 5, Table 6)

	2023 (Apr-Dec) (\$)	2024 (\$)	2025 (\$)	2026 (\$)
a) LSP price increase	532,872	573,704	575,471	580,971
b) One Call price increase		3,059	5,417	6,058
c) Incremental Internal Labour		64,583	224,871	263,538
Total	532,872	641,347	805,759	850,568

As required by the OEB's Accounting Guidance, Table 4 demonstrates how the GOCA Variance Account balance and corresponding disposition claim were calculated. While Elexicon identified \$805,759 in Bill 93-related costs in 2025, it did not seek recovery of the full amount. Consistent with the Accounting Guidance, Elexicon offset these costs by the amount of locate costs included in base rates and absorbed a portion of the Bill 93-related costs up to the amount determined to be in rates, resulting in a 2025 principal variance of \$592,926.

Table 4: 1508 Sub Account – Getting Ontario Connected Act (GOCA) – Elexicon (Copy of Exhibit 9 – Tab 3 – Schedule 5, Table 8)

Year	Locate costs related to Bill 93 (\$)	Locate costs not related to Bill 93 (\$)	Costs included in rates from last COS (\$)	Principal (Variance) (\$)	Interest (\$)	Total Claim (\$)
Apr - Dec 2023	532,872	1,038,003	-1,124,755	446,120		
2024	641,347	1,245,615	-1,567,158	319,804	25,639	
2025	805,759	1,406,042	-1,618,875	592,926	28,697	
2026 (Forecast)	850,568	1,244,472	-1,673,916	421,124	39,573	
Balance as of December 31, 2026				1,779,974	93,909	1,873,882

As shown above, the \$326,000 mapping costs are included in total locate costs reported in Table 1 but are not included in the Bill 93-related costs shown in Table 3. Accordingly, they are not included in the amount claimed for disposition through the proposed rate rider.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.11

Question(s):

PROVIDE THE TOTAL COST AND THE UNDEPRECIATED COST OF THE INTEGRATED OPERATION CENTRE AS OF THE END OF 2026 AND THE END OF 2028

RESPONSE:

Please see below Table 1 with total cost and undepreciated cost of integrated operation centre.

Table 1: Total and Undepreciated Cost (\$) of Integrated Operation Centre.

Asset description	Cost	Undepreciated Cost Dec 2025	Undepreciated Cost Dec 2026	Undepreciated Cost Dec 2027	Undepreciated Cost Dec 2028
Oracle & Middleware HA	400,376.33	199,639.70	66,180.93	0.00	0.00
Server HW & SW Upgrade & Add	632,720.40	442,606.69	316,112.25	189,617.81	63,123.27
Secondary IOC (Whitby)	205,624.70	143,802.16	102,699.74	61,597.32	20,494.90
Primary IOC (Ajax)	107,725.99	75,337.40	53,804.00	32,270.60	10,737.20
Totals	1,346,447.42	861,385.95	538,796.92	283,485.73	94,355.38

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.12

Question(s):

PROVIDE THE CAPITALIZED OVERHEADS ASSOCIATED WITH THE PROGRAM COSTS SET IN CCC-8,
ATTACHMENT 1 SEPARATELY FROM THE GROSS COSTS

RESPONSE:

In Table 1, below, Elexicon has provided the overhead allocations for the System Access, System
Renewal, and System Service programs.

The General Plant program generally does not attract overhead allocation.

Table 1: Overhead Allocation by DSP Program

System Access	2027	2028	2029	2030	2031
A1 Externally-Initiated Plant Relocation	540,316	614,304	597,495	626,532	441,998
A2 Customer & Generation Connections	785,120	826,800	834,011	909,232	665,245
A3 System Expansion	2,046,334	1,031,837	716,994	877,144	707,197
A4 Metering & AMI 2.0	204,599	254,322	897,926	941,564	664,242
System Renewal					
R1 Substation Renewal	2,113,520	2,905,515	2,239,930	2,706,949	1,498,823
R2 Underground System Renewal	76,226	1,020,785	1,685,658	2,554,042	2,408,986
R3 Overhead System Renewal	273,549	1,092,149	1,299,970	1,529,423	1,097,304
R4 Reactive Capital	894,604	751,037	563,072	532,243	334,585
System Service					
S1 Substation Growth	3,865,395	2,296,352	3,270,579	2,401,009	3,112,834
S2 Grid Enhancements	928,290	1,130,628	918,968	933,924	2,243,477
S3 Voltage & System Conversion		860,026	716,994	501,225	265,199
Total	11,727,953	12,783,755	13,741,597	14,513,287	13,439,890

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.13

Question(s):

TO PROVIDE AN EXAMPLE OF THE DATA THE COMPANY USED TO CALCULATE DERECOGNITION
EXPENSE, INCLUDING WHATEVER ASSUMPTIONS WERE MADE AND HOW IT WAS DONE

RESPONSE:

Elexicon's approach to calculating derecognition expense has been noted in IR response 2-CCC-13.

Elexicon has provided below an example of how the derecognition expense was calculated under
each approach:

- a) **Programs with distinctly identifiable assets:** Please refer to the attached Excel file
JT_2.13(1)_Derecognition Expense - Identifiable Assets (2028 SS Projects and Example),
where Elexicon has listed the substation projects that are driving a derecognition expense in
2028 in Table 1. As an illustrative example, Elexicon selected Cavan South from Table 1 of
that Excel attachment and provides further details below on how the derecognition expense
related to Cavan South was calculated in 2028. The following steps were taken by Elexicon:

Step 1: All assets related to Cavan South that are being removed in 2028 were identified;

Step 2: The Net Book Value (NBV) of the Cavan South assets as of 2024 were identified
in the financial records;

Step 3: The Cavan South assets were depreciated for each year till 2028 (year of removal)
to determine the NBV in the year of removal;

Step 4: The remaining NBV in 2028 (year of removal) was determined to be the
derecognition expense.

1
2 b) **Programs that drive derecognition expenses, but where assets could not be distinctly**
3 **identified:** Please refer to the attached Excel file JT_2.13(2)_Derecognition Expense - Non-
4 Identifiable Assets (Example). Elexicon has selected "Underground System Renewal"
5 program as an example, and provides a detailed description below of how the loss on
6 derecognition related to the program was calculated:

7
8 **Step 1:** Identified historical investments in Underground System Renewal program (2022
9 -2024);

10 **Step 2:** Determined the historical derecognition loss by OEB account related to
11 Underground System Renewal program;

12 **Step 3:** Calculated the historical gross cost derecognition expense by OEB account related
13 to per dollar of investment in the historical period;

14 **Step 4:** Using the percentage calculated in Step 3, determined the forecasted gross costs
15 being removed over 2027-2031 period;

16 **Step 5:** Assumed that the mix of assets being removed for Underground System Renewal
17 program in forecast period will be consistent with historical periods. Thus, assets
18 removed for OEB account 1845 will be related to 2014 or prior investments and for OEB
19 Account 1850 approximately 74% will be composed of 2014 or prior investments and
20 approximately 26% is composed of 2015 to 2023 investments. Elexicon forecasted the
21 Life to Date depreciation for these asset balances over 2027-2031 period and determined
22 the depreciation related to per dollar of gross costs for each forecast year.

23 **Step 6:** Calculated the depreciation value associated with the gross cost forecast removals
24 as determined in Step 4.

25 **Step 7:** Calculated the net derecognition expense which is the summation of values in
26 Step 4 and Step 6. Thus, gross costs less associated depreciation expense to determine
27 the net derecognition expense.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CCC

JT2.14

Question(s):

PROVIDE THE NUMBER OF ACCOUNTING ASSOCIATES THAT THE COMPANY HAS THAT ARE RELATED TO THE ACCOUNTS PAYABLE FUNCTION AND THE NUMBER OF INVOICES PROCESSED EACH YEAR FOR THE HISTORICAL AND FORECAST PERIODS

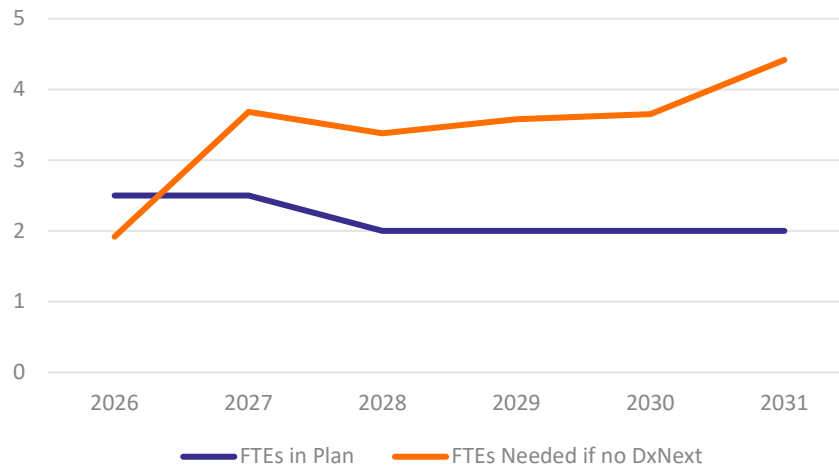
RESPONSE:

Refer to Table 1 below to view the number of accounts payable associates that currently process invoices.

With respect to the methodology used to calculate the efficiencies in the Accounts Payable function as a result of Dx NEXT, as noted in 4-CCC-51 part j), an analysis was undertaken that calculated the ratio of the number and value of documents processed from 2021 to 2025 to the number of accounts payable staff. The average of documents processed per FTE was forecast using the underlying value of those documents and applying it to the value of OM&A and Capex expenditures in the forecast. The analysis excluded the very large commodity invoices from IESO and payroll. Details of the inputs and calculations are noted in Table 1. Figure 1 below shows the resulting gap between accounts payable FTE in the plan and the potential gap from the increased investments. This gap is planned to be addressed through the efficiencies and process improvements of Dx NEXT.

1

Figure 1: Accounts Payable FTEs in Forecast Period With and Without Dx NEXT



2