

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT 3.27

Question:

PROVIDE A FULL-YEAR 2019 TOTAL PP&E FOR RATE BASE PURPOSES AND INCLUDE THE NUMBER FOR CONSTRUCTION WORK IN PROGRESS, RECONCILING THE RELEVANT SOURCES

Original response:

Please see the attached Excel file JT_3.27(1)_Consolidated FA Continuity for the full year 2019 total PP&E for Rate Base including the construction work in progress ("CWIP") figures.

Requested Clarification:

Consolidated 2-BA excel file for 2019 full year: the total PP&E ending balances match to what they filed (Tab App.2-BA_FA Cont-Elexicon 2019 in EE_9-Staff-170(1)_ Appendix 2-BA_Last COS_20260508) but the opening balances don't match to total of Veridian and Whitby in file EE_9-Staff-170(1)_ Appendix 2-BA_Last COS_20260508. See attached for details. The variance for cost is -\$4M and accumulated depreciation \$3M. **Please explain the variance.**

Response:

As noted in IR response 9-Staff-170 part a), as part of the merger process and upon detailed review of opening legacy utility balances, there were some corrections made that primarily impacted OEB account 2440-Deferred Revenue and a few account balances. Additionally, as noted in the response, assets of the virtual Whitby Utility were also transferred to Elexicon Energy, which resulted in a Net Book Value increase of approximately \$0.5 million.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT 3.33

Question(s):

CONFIRM THE TAXABLE INCOME USED TO CALCULATE THE PILS INCLUDES NON-REGULATED ACTIVITIES

Original response:

Elexicon confirms that the taxable income used to calculate PILS includes Other Revenue which is an offset to distribution rates and specifically includes accounts 4375 and 4380 which hold the non-regulated activity balances.

Requested Clarification:

Please remove the non-regulated balances from the PILs calculation as the PILs calculation should be only include regulated amounts regardless of materiality.

Response:

Elexicon agrees with OEB staff that the amount for non-regulated balances should be removed from PILS and from revenue requirement calculation.

Elexicon has inadvertently included non-regulated operation balances specifically related to solar panels in Other Revenue. These balances are providing a benefit to rate payers in the amount of \$663,363 over 2027-2031 period. The details of net solar business revenue are noted in Table 1 below.

Table 1: Net Solar Income per year

Year	Net Solar Income (\$)
2027	132,701
2028	132,557
2029	132,701
2030	132,701
2031	132,701

- 1 Elexicon will file an updated PILS model at a subsequent stage in the application prior to the Draft
- 2 Rate Order stage.

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT 3.34

Question(s):

CLARIFY WHICH ITEMS IN SCHEDULE 1, THE PILS MODEL FOR HISTORICAL AND BRIDGE YEARS, REFLECT THE TWO AMOUNTS AT 9-STAFF-149, PAGE 2, LINES 21 TO 23 AS DEDUCTIONS

Original response:

The amounts noted in Page 2, Lines 21 to Lines 23 in 6-Staff -149 are reflected in:

- 2025 Historical year – tab “H1 Sch 1 Taxable Income Hist” amount spent on DXNEXT project, including carrying charges in Line 94 with other regulatory asset movements.
- 2026 Bridge Year – tab “B1 Sch 1 Taxable Income Bridge” amount spent on DXNEXT project, including carrying charges in Line 97 of the PILS model with other regulatory asset movements.

Note that the amounts shown in 6-Staff-149 relate to Dx NEXT spend forecasts as noted in pre-filed evidence in December 2025. These balances have been updated as per information provided in JT3.30 in the updated version of the PILS model submitted as Attachment 1 to 6-SEC-88.

Requested clarification:

1. In tab H1 Sch 1 Taxable Income Hist (file EE_6-SEC-88(1)_PILs Workform_20260527), can you please provide a breakdown for the amount \$2,112,940 (line 94)?
2. In tab B1 Sch 1 Taxable Income Bridge (file EE_6-SEC-88(1)_PILs Workform_20260527)? can you please provide a breakdown for the amount \$7,433,227 (line 97)?

Response:

Ellexicon understands this clarification request relates to the PILs Workform filed as Attachment 1 to 6-SEC-88 and, specifically, to the 2025 amount in tab “H1 Sch 1 Taxable Income Hist” reported on Line 94, “Regulatory Assets Deferred Variance – Increase,” which reflects a balance of \$16,652,524, as well as to the 2026 amount reported in tab “B1 Sch 1 Taxable Income Bridge” on Line 97, as referenced in the clarification request.

Elexicon has provided below the breakdown of the amounts included in these balances:

- 2025 Historical year – tab “H1 Sch 1 Taxable Income Hist” amount spent on Dx NEXT project, including carrying charges in Line 94 with other regulatory asset movements. Elexicon notes that the correct reference value for this cell is \$16,652,524. Table 1 below provides the breakdown of this 2025 balance, which represents the in-year change in DVA balances, including carrying charges.

Table 1: Breakdown of the 2025 “Regulatory Assets (Deferred Variances) – Increase” Balance (Tab H1 Sch 1 Taxable Income Hist, Line 94)

USoA	Description	2025 DVA Balance (\$)
1511	Cloud Dx NEXT	(11,771,156)
1592	CCA Tax Variance	560,273
1508	Collection of Account Variance	(1,372,353)
1508	IFRS Transition Costs	(13,968)
1508	Locates	(621,623)
1508	LEAP	(309,964)
1508	ERA Application Costs	(2,560,809)
1508	OEB Cost Assessment	(90,912)
1508	Change in Estimated Useful Life	(409,223)
1509	Foregone Revenue	(4,374)
1508	Pole Attachment	616,662
1130	Provision for Reg Assets	(675,077)
	Total	(16,652,524)

- 2026 Bridge Year – tab “B1 Sch 1 Taxable Income Bridge” amount spent on Dx NEXT project, including carrying charges in Line 97 of the PILS model with other regulatory asset movements. Elexicon notes that the reference value for this cell is 7,433,227. Table 2 below provides the breakdown of this 2026 balance, which represents the in-year change in DVA balances, including carrying charges.

Table 2: Breakdown of the 2026 “Regulatory Assets (Deferred Variances) – Increase” Balance (Tab B1 Sch 1 Taxable Income Bridge, Line 97)

1

USoA	Description	2026 DVA Balance (\$)
1511	Cloud Dx NEXT	(10,708,380)
1592	CCA Tax Variance	1,492,741
1508	Collection of Account Variance	6,454,085
1508	IFRS Transition Costs	575,840
1508	Locates	(460,696)
1508	LEAP	(136,513)
1508	ERA Application Costs	(1,556,600)
1508	OEB Cost Assessment	1,767,882
1508	Change in Estimated Useful Life	115,546
1575	IFRS-CGAAP Transitional PPE	(1,896,985)
1508	Pole Attachment	(3,080,147)
	Total	(7,433,227)

2