

TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO OEB STAFF

JT 3.36

Question(s):

EXPLAIN WHY ALL THE THREE RECALCULATED AMOUNTS IN 2026 IRM APPLICATION WERE REVERSED IN 2027 REBASING IN THE YEAR OF 2025 AS PRINCIPAL ADJUSTMENTS ON DVA CONTINUITY SCHEDULE FOR BOTH WRZ AND VRZ, INCLUDES \$295,632 IN CELL BF62 IN 9-STAFF-183 ATTACHMENT 2 DVA CONTINUITY SCHEDULE AND \$148,929 IN CELL BF63 AND \$10,338 IN CELL BF64 IN 9-STAFF-183 ATTACHMENT 3 DVA CONTINUITY SCHEDULE

Response:

Elexicon notes that this undertaking was not actually recorded in the transcript for either Day Three or Four but understands the question emanates from discussion regarding 9-Staff-182 that took place at the end of day three.

In Elexicon's 2026 IRM application (EB-2025-0046), Elexicon revised the balance in *Account 1508-OEB Cost Assessment* to proactively reflect the OEB's findings in the Newmarket-Tay Decision (EB-2024-0309). As explained in Elexicon's 2026 IRM application (EB-2025-0046 Appendix D: Group 2 Account – Request for Disposal, Page 12 & 13 of 61) and in response to OEB Staff Interrogatory 1-Staff-2, Elexicon recalculated the OEB Cost Assessment amounts in rates by uplifting the embedded annual cost assessment amounts from 2016 to 2024 using the OEB approved IPI less applicable stretch factor and recalculated the associated interest. This recalculation reduced the amount of the requested disposition balance for *Account 1508 - OEB Cost Assessment* relative to the 2024 RRR balances (VRZ \$295,632 + interest, WRZ \$148,929 + interest). The same explanation was subsequently confirmed in this application (referred to as the "2027 rebasing" in the undertaking), in 9-Staff-190 (c). In EB-2025-0046, as Elexicon was finalizing and refining the disposition request there were also some minor corrections made to the *Account 1508-Change in Useful Life*. This recalculation reduced the amount of the requested disposition balance for *Account 1508- Change in Useful Life* relative to the 2024 RRR balances (WRZ \$10,338).

- 1 In 2025, accounting entries were recorded in *Account 1508 - OEB Cost Assessment* and *Account*
2 *1508 - Change in Useful Life* to account for the adjustments made to the 2024 ending balances in
3 the 2026 IRM application. Elexicon recorded the entries in the accounting ledger in 2025 but the
4 2025 opening balances in the DVA Continuity Schedule already reflected these adjustments. Since
5 the amounts were already embedded in the DVA Continuity Schedule balances, Elexicon had to
6 reverse out these transactions in order to avoid double counting them. These transactions should
7 not have been shown separately in column BF but instead they should have been recorded in the
8 “Transactions during the year”, column BD, to offset the transactions that were recorded in
9 accounting ledger in 2025 but previously accounted for in the DVA Continuity Schedule.
- 10 The reversals ensure that the Account 1508 balances carried forward in this application appropriately
11 reflect the previous OEB Cost Assessment and Change in Useful Life recalculation. The reversals do
12 not represent new or additional adjustments.