



Ontario
Energy
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de l'Ontario

BY EMAIL

October 6, 2026

Erin Stevens
Director, Regulatory Affairs
Elexicon Energy Inc.
55 Taunton Road East,
Ajax, ON L1T 3V3
estevens@elexiconenergy.com

Dear Erin Stevens:

**Re: Elexicon Energy Inc.
2027-2031 Custom Rate Application for Electricity Rates and Charges
Ontario Energy Board File Number: EB-2025-0312**

Elexicon Energy Inc. (Elexicon Energy) filed a partial settlement proposal with the Ontario Energy Board (OEB) on September 18, 2026. On October 2, 2026, the OEB issued Procedural Order No. 4 which, among other things, confirmed the presentation of the settlement proposal on October 8, 2026.

Revision and Clarification of the Settlement Proposal Documents

The OEB has identified settlement proposal documents that appear to contain inconsistencies or require further clarification. The OEB has attached a list of items requiring revision or clarification in Schedule A, and requests that Elexicon Energy revise or explain these items on the record of this proceeding.

Ideally, Elexicon Energy will file its revisions and explanations prior to the October 8th presentation day. However, recognizing the time constraints, if Elexicon Energy is unable to file some or all of the revised documents or clarifications prior to the presentation day, Elexicon Energy shall file them by October 15, 2026.

To the extent possible, Elexicon Energy should be prepared to address the items in Schedule A during the settlement proposal presentation.

Yours truly,

Ritchie
Murray

 Digitally signed by Ritchie
Murray
Date: 2026.10.06
15:45:51 -04'00'

Ritchie Murray
Registrar

c: All Parties in EB-2025-0312

Attachment: Schedule A – Settlement Proposal – Required Revision and Clarification

Schedule A

Settlement Proposal – Required Revision and Clarification

2027-2031 Custom Rate Application for Electricity Rates and Charges Application

Ellexicon Energy Inc. (Ellexicon Energy)

EB-2025-0312

October 6, 2026

OEB - 1

Ref 1: Settlement Proposal, Table 6 – Derivation of Revenue Growth Factor, pp. 27-28

Preamble:

Based on Table 6 of the Settlement Proposal, the OEB observes that the mathematical methodology used to remove inflation from the Revenue Growth Factor (RGF) does not appear to fully remove the inflation assumptions embedded in the RGF at the time the formula is established. The OEB understands that this may be due, at least in part, to different inflation assumptions being applied to different capital projects and programs.

The OEB further observes that changing the inflation assumption changes the resulting RGF. As a result, if actual inflation reflected in the Custom IR update application is higher than the proposed 2% inflation assumption, the resulting Revenue Requirement (RR) may be higher than the RR calculated today using that same higher inflation assumption. The OEB seeks to understand whether the RGF is sensitive to the inflation assumption used when it is established.

Required Revision or Clarification:

- a) Please confirm whether the intent of the Custom IR methodology is to establish RGFs that are normalized for inflation, such that changes in actual inflation do not affect the underlying real growth factors. If not, please explain why not.
- b) Please confirm whether the OEB's observations noted in the second paragraph of the preamble are correct. If so, please propose a methodology to normalize the RGFs for inflation and provide the supporting calculations. If not, please explain why the OEB's observations are incorrect and provide supporting calculations.

OEB - 2

Ref 1: Settlement Proposal, Attachment Part F – Clarification Questions, SC-SEC-1, pages 9-12

Ref 2: Interrogatory Response 2A-SEC-31

Preamble:

In reference 1, Table 2, Elexicon Energy reconciles the \$6,307,987 difference between the net ICM assets reported in Appendix 2-BA (ICM) and the net asset amounts reported in Ref 2. The difference consists of the Sandy Beach Substation (\$6,468,717), Seaton TS (\$-872,398) and WSG (\$711,667). OEB notes that the Appendix 2-BA (ICM) filed with the Settlement Proposal appears to remain unchanged and does not reflect the reconciled gross asset, accumulated amortization and net asset balances identified in reference 1.

Required Revision or Clarification:

- a) Please confirm whether OEB's observation is correct.
 - i) If correct, please provide an updated Appendix 2-BA (ICM) incorporating the latest reconciled gross asset, accumulated depreciation and net asset balances and identify any resulting impacts on the rate base, depreciation expense and revenue requirement
 - ii) If incorrect, please explain why the OEB's observation is incorrect.

OEB - 3

Ref 1: Settlement Proposal, Attachment 4, App.2-C_DepExp

Ref 2: Interrogatory Response 1-SEC-13, Attachment 1, App. 2-C_DepExp

Preamble:

The depreciation expense for Accounts 1611, 1920 and 1945 in reference 1 is higher than in reference 2, even though the 2027 additions to these accounts are the same in both:

Account	1-SEC-13 (2027)	Settlement (2027)
1611 – Computer Software	\$2,257,630	\$2,423,706
1920 – Computer Hardware	\$2,344,374	\$2,968,737
1945 – Measurement & Testing	\$2,634	\$39,280

Required Revision or Clarification:

- a) Please explain why the depreciation expense for Accounts 1611, 1920 and 1945 increased from the 1-SEC-13 interrogatory response to the settlement proposal.
- b) Please explain how the depreciation expense and implied depreciation rates for Accounts 1611, 1920 and 1945 increased from reference 2.

OEB - 4

Ref 1: Settlement Proposal, pages 48-49 and footnote 22

Ref 2: Interrogatory Response 4.1-PWU-9

Preamble:

Reference 1 states that the maximum potential disallowance of Dx NEXT implementation costs recorded in Account 1511 is capped at 45% of the principal balance, excluding carrying charges. Footnote 22 states that the 45% is “based on the proportion of forecast costs relative to the implementation costs, as provided in response to Interrogatory 4.1-PWU-9.”

Based on the response to Interrogatory 4.1-PWU-9, forecast costs represent approximately 71% of total implementation costs (\$29.8 million / \$42 million). Using 2027 forecast costs only, the proportion is approximately 46%.

Required Revision or Clarification:

- a) Please explain how the 45% cap was derived from the response to Interrogatory 4.1-PWU-9.
- b) Please confirm the date and dollar amount of the Account 1511 principal balance to which the 45% cap applies.

OEB - 5

Ref 1: Settlement Proposal, Table 1, pages 10-11 and Part F, Issue 5.2, page 65

Ref 2: Settlement Proposal, Part F, Issue 3.2, page 61

Ref 3: Settlement Proposal, Table 24, page 69; Attachment 13 – Load Forecast;
Attachment 17 – Rate Design Model

Ref 4: Settlement Proposal, Part H – Attachments, page 80

Ref 5: Settlement Proposal, Attachment 4, App.2-AA

Preamble:

The OEB has identified the following errors and inconsistencies in the settlement proposal documents.

Required Revision or Clarification:

- a) In reference 1, Table 1 lists Issue 5.2 as a “Complete Settlement”, while Part F identified Issue 5.2 as a “Partial Settlement”. Please confirm the settlement status of Issue 5.2 and revise the settlement proposal as needed.
- b) In reference 2, PWU is listed as both a Supporting Party and a Party taking no position on Issue 3.2. Please confirm PWU’s position and revise the settlement proposal as needed.
- c) In reference 3, the kWh charge determinants in Table 24 appear to be shifted by one year relative to the load forecast and rate design models. Please confirm and revise Table 24 as needed.
- d) Reference 3 lists Attachment 1 – Load Forecast Summary. This attachment does not appear to have been filed. Please file Attachment 1.
- e) Columns B to M of the App.2-AA tab in reference 5 are hidden. Please refile Attachment 4 with all columns visible.