



ONTARIO ENERGY BOARD

FILE NO.	EB-2025-0312	Elexicon Energy Inc
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VOLUME:	1	
DATE:	October 8, 2026	
BEFORE:	James Sidlofsky	Presiding Commissioner
	Robert Dodds	Commissioner
	Michael Janigan	Commissioner

THE ONTARIO ENERGY BOARD

Elexicon Energy Inc

Cost of Service Application

Presentation of the Settlement Proposal

held in person and virtually
at 2300 Yonge Street, 25th Floor, Toronto, Ontario
on Thursday, October 8, 2026, commencing at 9:32 a.m.

VOLUME 1

A P P E A R A N C E S

JAMES SIDLOFSKY	Presiding Commissioner
ROBERT DODDS	Commissioner
MICHAEL JANIGAN	Commissioner
TIARA FEARON	Ontario Energy Board
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STEPHEN SHEEHY	
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MICHAEL BROPHY	Pollution Probe
MARK GARNER	Vulnerable Energy VECC
MIKE MCLEOD	Quinte Manufacturers
MARK RUBENSTEIN	School Energy Coalition (SEC)
CLEMENT LI	Building Owners and Managers Association (BOMA)
LAWRIE GLUCK	Consumers Council of Canada (CCC)
JONATHAN MCGILLVRAY	Distributed Resource Coalition (DRC)

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1 Thursday, October 8, 2026

2 --- Upon commencing at 9:32 a.m.

3 PRESIDING COMMISSIONER SIDLOFSKY: Good morning,
4 everyone. Welcome to today's session on an
5 application from Elexicon Energy Inc. for approval of
6 its proposed electricity distribution rates for the
7 period beginning January 1st, 2027, through December
8 31st, 2031. The application is assigned OEB File No.
9 EB-2025-0312.

10 My name is James Sidlofsky, and I am the
11 presiding commissioner on this file. I am
12 accompanied by commissioners Robert Dodds to my
13 right, and virtually on the Zoom connection, Michael
14 Janigan.

15 And we are here this morning to receive a
16 presentation from Elexicon of a partial settlement
17 proposal that the parties to the settlement are
18 asking the OEB to approve. The session is being
19 transcribed and parties will receive copies of the
20 transcript after the session. The session is also
21 being recorded and the recording will be retained for
22 30 days.

23 Based on Elexicon's time estimate for the
24 presentation, I haven't planned for breaks, but we
25 will deal with that if we need to.

26 Just another note: The parties propose that all
27 unsettled issues should be addressed through an oral
28 hearing. And, as you will know, the OEB agreed with

1 the parties. And in Procedural Order Number 4 issued
2 last week, on October 2nd, the board scheduled the
3 oral hearing for November 9th, continuing as
4 necessary through November 13th.

5 As we indicated in Procedural Order Number 4,
6 the OEB intends to provide its findings on the
7 substantive issues within the settlement proposal
8 prior to the oral hearing. And before I go further,
9 I am going to begin with the land acknowledgment.

10 And Ms. Fearon, if you would.

11 T. FEARON: Thank you.

12 **LAND ACKNOWLEDGMENT:**

13 Everyone, good morning. The Ontario Energy
14 Board acknowledges that its headquarters in Toronto
15 is located on the territory of the Anishinaabeg,
16 Haudenosaunee and Huron-Wendat Nations, and that this
17 land is covered by historic treaties.

18 Traditionally, the territory now called Toronto
19 was a meeting place for many Nations and is still
20 home to many Indigenous Peoples from across Turtle
21 Island.

22 As the Ontario Energy Board carries out its
23 regulatory responsibilities, we are committed to
24 listening, learning, and respecting Indigenous rights
25 and perspectives. We are grateful for the
26 opportunity to live and work on these lands and
27 honour the wisdom and resilience of Indigenous
28 communities past and present.

1 PRESIDING COMMISSIONER SIDLOFSKY: Thank you,
2 Ms. Fearon.

3 **APPEARANCES:**

4 I am going to move on to appearances now and
5 let's start with Elexicon.

6 Ms. Coban.

7 D. COBAN: Good morning, commissioners. Daliana
8 Coban, counsel for the applicant. And with me today,
9 I have Erin Stevens, director of regulatory affairs
10 at Elexicon, as well as Jeff Mazzei and Susan Kim
11 from Elexicon's regulatory team. Also observing
12 today's presentation is Ms. Amanda Klein, chief
13 executive officer at Elexicon. And on today's panel,
14 we have Stephen Vetsis, vice president, regulatory
15 affairs and stakeholder relations, and Stephen
16 Sheehy, director, asset planning and system
17 engineering.

18 PRESIDING COMMISSIONER SIDLOFSKY: Thanks. Good
19 morning to all the Elexicon people this morning. I
20 will move on to OEB staff.

21 V. GANESANATHAN: Good morning. Vithooshan
22 Ganesanathan, case manager on the file.

23 A. DI ILIO: Good morning. Alexander Di Ilio,
24 manager of distribution asset management.

25 D. ZANINI: Good morning. Daniel Zanini, senior
26 advisor, performance analytics and reporting
27 department.

28 T. HOBBS: Good morning. Tobias Hobbs, OEB

1 counsel.

2 A. YAN: Good morning. Angela Yan, accounting
3 CME.

4 PRESIDING COMMISSIONER SIDLOFSKY: And if that
5 is all, I will move on to other appearances in the
6 hearing room.

7 And I think that's just you, Mr. Rubenstein, if
8 you can introduce yourself.

9 M. RUBENSTEIN: Good morning. Mark Rubenstein,
10 counsel for School Energy Coalition.

11 PRESIDING COMMISSIONER SIDLOFSKY: Thank you.
12 Now I will move to the online participants, if they
13 could identify themselves when I go through my list
14 of what we understand to be the attendees in this
15 morning's session.

16 BOMA, the Building Owners and Managers
17 Association.

18 C. LI: Good morning. Clement Li on behalf of
19 BOMA of Toronto.

20 PRESIDING COMMISSIONER SIDLOFSKY: Thanks. Good
21 morning, Mr. Li.

22 Coalition of Concerned Manufacturers and
23 Businesses of Canada, CCMBC.

24 T. LADANYI: Good morning. Tom Ladanyi on
25 behalf of CCMBC.

26 PRESIDING COMMISSIONER SIDLOFSKY: Thanks, Mr.
27 Ladanyi.

28 Consumers Counsel of Canada.

1 L. GLUCK: Good morning. Lawrie Gluck, on
2 behalf of the Consumers Counsel of Canada.

3 PRESIDING COMMISSIONER SIDLOFSKY: Good morning,
4 Mr. Gluck.

5 Distribution Resource Coalition, DRC.

6 J. MCGILLIVRAY: Good morning. Jonathan
7 McGillivray, counsel to DRC.

8 PRESIDING COMMISSIONER SIDLOFSKY: Good morning.
9 Energy Probe Resource Foundation, also Mr.
10 Ladanyi, correct?

11 T. LADANYI: Yes. Again, good morning. Tom
12 Ladanyi, for Energy Probe.

13 PRESIDING COMMISSIONER SIDLOFSKY: Thank you.
14 Pollution Probe.

15 M. BROPHY: Good morning. Michael Brophy on
16 behalf of Pollution Probe.

17 PRESIDING COMMISSIONER SIDLOFSKY: Good morning,
18 Mr. Brophy.

19 Power Workers Union, anyone in attendance for
20 PWU? Okay, moving on.

21 Quinte Manufacturers Association.

22 M. MCLEOD: Good morning. Mike McLeod for the
23 Quinte Manufacturers Association.

24 PRESIDING COMMISSIONER SIDLOFSKY: Good morning,
25 Mr. Mcleod.

26 Mr. Rubenstein, you already introduced yourself,
27 but is Jane Scott also here for School Energy
28 Coalition?

1 M. RUBENSTEIN: I believe it's just myself
2 today.

3 PRESIDING COMMISSIONER SIDLOFSKY: Vulnerable
4 Energy Consumers Coalition, VECC?

5 M. GARNER: Good morning. Mark Garner for VECC.

6 PRESIDING COMMISSIONER SIDLOFSKY: Good morning,
7 Mr. Garner. Is Mr. Harper joining you this morning
8 or just you?

9 M. GARNER: No, he is not. Thank you.

10 PRESIDING COMMISSIONER SIDLOFSKY: That is
11 everyone on my list. Is there anyone online that
12 wants to enter an appearance and hasn't yet? Okay.
13 Hearing nothing further, I am going to turn to
14 Commissioner Dodds to affirm the Elexicon witness
15 panel.

16 COMMISSIONER DODDS: You may remain seated
17 during the taking of the oath. You will answer two
18 questions, so en bloc I will call out your names and
19 individually I will ask you to respond for the record
20 to the questions.

21 Jeff Mazzei, Susan Kim, Stephen Vetsis, Erin
22 Stevens, Amanda Klein, and Stephen Sheehy, you are
23 about to give evidence in this hearing. This panel
24 is dependent on your telling us the truth and the law
25 requires you to do so. Therefore, before you
26 testify, I must ask you this --

27 D. COBAN: I am sorry to interject.

28 PRESIDING COMMISSIONER SIDLOFSKY: The witness

1 panel is a panel of two, correct, Mr. Vetsis and Mr.
2 Sheehy?

3 D. COBAN: It is, yes. It's just the two, yes.

4 COMMISSIONER DODDS: Oh, the others aren't
5 appearing at all? D. COBAN: No. We're just
6 observing.

7 COMMISSIONER DODDS: Thank you for the
8 correction. Who are the two here then?

9 S. VETSI: Stephen Vetsis and Stephen Sheehy.

10 COMMISSIONER DODDS: Okay, then. Stephen Vetsis
11 and Stephen Sheehy, this panel is dependent on your
12 telling us the truth and the law requires you to do
13 so. Therefore, before you testify, I must ask you
14 this: Do you solemnly promise this panel that you
15 will testify -- or you will tell the truth, the whole
16 truth, and nothing but the truth? Mr. Sheehy.

17 S. SHEEHY: I do.

18 COMMISSIONER DODDS: Mr. Vetsis.

19 S. VETSI: I do.

20 COMMISSIONER DODDS: And do you understand that
21 breaking that promise would be an offence under our
22 law?

23 S. SHEEHY: I do.

24 COMMISSIONER DODDS: Mr. Vetsis.

25 S. VETSI: I do.

26 **AFFIRMED: S. VETSI**

27 COMMISSIONER DODDS: Thank you.

28 PRESIDING COMMISSIONER SIDLOFSKY: Thanks,

1 Commissioner Dodds.

2 And Ms. Coban, just before I turn the floor over
3 to you, I am going to mention that on Tuesday, the
4 OEB sent to Elexicon a series of clarification
5 questions and revision requests. So if you can let
6 us know when and how you plan to respond to those, I
7 would appreciate.

8 D. COBAN: Yes, I had that on my list of items
9 to raise with you today just to acknowledge that we
10 did receive those questions, and we are working on
11 the responses with the parties and we intend to file
12 those responses by October 15th.

13 PRESIDING COMMISSIONER SIDLOFSKY: By the 15th?

14 D. COBAN: Yes.

15 PRESIDING COMMISSIONER SIDLOFSKY: Thank you.

16 Mr. Hobbins, can we have you assign -- you don't
17 mind giving that as an undertaking just so we have a
18 record of it.

19 D. COBAN: Certainly, if that helps.

20 PRESIDING COMMISSIONER SIDLOFSKY: It would,
21 thanks.

22 Mr. Hobbins.

23 T. HOBBINS: Sure, we can mark that as an
24 undertaking. There is no convention for this so
25 perhaps SP1, if that works.

26 PRESIDING COMMISSIONER SIDLOFSKY: Sure. Why
27 don't we make that UP1.

28 T. HOBBINS: Sure, UP1.1.

1 **UNDERTAKING NO. UP1.1: File responses by**
2 **October 15, 2026.**

3 PRESIDING COMMISSIONER SIDLOFSKY: Thank you.
4 Great, thanks very much.

5 And now, Ms. Coban, the floor is yours.

6 D. COBAN: I will just, without further ado,
7 hand it over to our panel to provide you today's
8 presentation.

9 So over to you, Mr. Vetsis.

10 **PRESENTATION BY S. VETSIS:**

11 S. VETSIS: Good morning, panel. First off, I
12 would like to acknowledge just the change in
13 panelists, including our new commissioner --
14 presiding member, Commissioner Sidlofsky, as well as
15 the addition of Commissioner Janigan. We appreciate
16 the timeliness of the changes that have been made to
17 ensure that our case can continue to be heard, and we
18 thank you for the opportunity today to present for
19 the settlement proposal for Elexicon's application.

20 When we last appeared before you at our evidence
21 day presentation in late July and at the time, we
22 talked about the acute challenges that Elexicon is
23 facing, specifically unprecedented growth and
24 economic development, a system with significant
25 capacity constraints and declining reliability
26 performance driven by deteriorating asset condition,
27 and we talked about how this application is
28 existential for Elexicon in order to ensure that we

1 can meet the needs of the communities that we serve,
2 and that all continues to be true.

3 The settlement proposal that you see before you
4 today reflects a compromise. It reflects a balance
5 between addressing the acute challenges Elexicon is
6 facing while balancing the pace of the impact of
7 addressing these challenges on customer rates.

8 And so, before we get into the details, and just
9 I will adopt the convention that was requested at our
10 last presentation, moving on to Slide 2 now, for the
11 record later. I would just like to give a bit of a
12 roadmap of the discussions that we are going to have
13 today. We will summarize and acknowledge the parties
14 to the settlement proposal.

15 I want to just provide a brief recap of
16 Elexicon's and its operating conditions, give a high
17 level summary of the scope of the settlement
18 proposal, talk about the changes in customer rate
19 impacts arising from the settlement proposal, and
20 then do a bit of a deeper dive into three areas,
21 specifically the rate framework, the load forecast,
22 and the capital expenditures and some associated
23 commitments, before finishing off the conversation by
24 just aligning ourselves on the scope of the unsettled
25 issues that remain.

26 And so, similar to the last presentation, while
27 we have left time at the end for questions, feel free
28 to jump in at any time if you have any

1 clarifications, questions as we go along.

2 And so, if we look here at Slide 3, we see a
3 list of the parties to the settlement which reflect
4 the intervenors of this proceeding. And you know,
5 while the PWU took no position on the details of the
6 settlement, they did participate in the process, and
7 so, I would like to take just the opportunity here to
8 express Elexicon's sincere thanks to those parties.

9 The settlement reflects a compromise that
10 settles a significant scope of issues in the
11 proceeding and was the result of lengthy
12 negotiations. Settlement discussions are not easy
13 and we would not have arrived at the positive outcome
14 that you see today without the dedication and the
15 collaboration of the intervenors, and so for that we
16 want to take a moment to thank all the intervenors,
17 both those that are here today in person and those
18 that are online, for their contributions and getting
19 us to this point.

20 And so, here on Slide 4, we just wanted to
21 reorient ourselves a little bit on Elexicon.
22 Elexicon is the fifth largest distributor in Ontario.
23 We serve about 180,000 customers. We have a diverse
24 service territory that includes a dense urban core in
25 the Ajax-Pickering-Whitby area, a heavy industrial
26 base in Belleville, a low density remote area in
27 Gravenhurst with significant tree coverage and island
28 coverage as well as some lower density communities in

1 between.

2 And as we shift to Slide 5, one of the more
3 acute challenges Elexicon faces is its pace of growth
4 and economic development. And so Elexicon operates
5 in the fastest growing communities in Ontario, and
6 you can see here in the top right, these are the load
7 forecasts of the largest -- currently on record of
8 the largest distributors in the province. And
9 Elexicon is positioned to be the fastest growing
10 utility in Ontario.

11 And as we can see from the map, we are
12 experiencing many types of growth. There is housing
13 developments, commercial, transportation, et cetera.
14 And that growth is happening all over our service
15 territory.

16 So here, Slide 6, we provide a high-level
17 summary of the settled issues in this settlement
18 proposal. And so I am not going to run through all
19 of the items that are here. However, this settlement
20 proposal resolves the majority of issues in the
21 proceeding and is a testament to the work of the
22 parties that we talked to earlier.

23 Through this settlement, we have come to an
24 agreement on some key areas, such as the need for
25 early rebasing, the effective date of rates, the rate
26 framework that will underpin rate setting for the
27 next five years, details regarding cost allocation
28 and rate design which will support those rate changes

1 as well, as well as coming to a conclusion on the
2 majority of deferral account balances. So again, a
3 very comprehensive scope to this partial settlement
4 agreement today.

5 So we shift to Slide 7, which summarizes the
6 changes in rate impacts from settlement. And
7 overall, the settlement proposal reduces the average
8 five-year rate impacts for the majority of classes by
9 about one and a half percent. And so, if we take a
10 minute here looking at the figure, what this is
11 showing is the average distribution rates for each
12 rate class, and it averages the impacts of the two
13 rate zones together. The amounts shown are based off
14 of the subtotal A portion of the bill.

15 In these calculations for the unsettled issues,
16 Elexicon has assumed outcomes that are aligned with
17 the proposals in the application. And you can find a
18 more detailed rate impact for each rate zone in the
19 appendix at the end of the presentation.

20 So the light blue columns, they show the
21 distribution rate impacts prior to settlement, and
22 the columns on the right reflect the outcomes coming
23 out of settlement.

24 Consistent with what was presented at evidence
25 day, here we show the total distribution impact as
26 well as the share associated with the catchup. And
27 again, as a reminder, at evidence day we had talked
28 about how historically, Elexicon has needed to invest

1 at levels above what is funded through rates. And as
2 a result, its current rates are no longer aligned
3 with its cost structures.

4 And so, the catchup that we show here represents
5 the revenue deficiency related to a realigning with
6 current prerebasing cost structures, and is not
7 related to recovering historical costs that were
8 already incurred.

9 So when we look at that separation and we look
10 at these bill impacts, this catchup to align with
11 current cost structures accounts for roughly 2.8 to
12 2.9 percent or almost a third of the average rate
13 impact for each rate class.

14 And so, while you can see that most rate classes
15 are showing decreases coming out of the settlement,
16 we do see an increase for the GS 3,000 to 4,999
17 kilowatt classes, as well as the large-use class.

18 And so the increase for these classes is
19 predominantly driven by the change in methodology for
20 making annual rate adjustments that comes out of the
21 settlement proposal.

22 And so in simple terms, when we set rates, you
23 know, we take costs and we need to divide them over a
24 pool of usage to calculate a rate. And in the
25 original application, we were adjusting the revenue
26 requirement each year by our index. We were
27 splitting the revenue requirement across each class
28 based on the same share each year. And in the case

1 of these two classes, the GS 3,000 to 4,999 and
2 large-use classes, the growth in usage that they were
3 experiencing was outpacing that of other classes.

4 And so because we were keeping the share of
5 costs steady, that meant we were dividing costs over
6 a larger pool of usage, which puts downward pressure
7 on rates.

8 Under settlement, we now calculate the
9 deficiency in revenue each year after accounting for
10 charge determinant growth, then we adjust each class
11 evenly. And so what does that mean? It means that
12 the average rate changes are more consistent across
13 rate classes over the period, and that's the
14 predominant reason why you see rate impacts for the
15 larger classes that have increased out of settlement.

16 I will just pause for a minute here, because I
17 know it's a lot of information.

18 PRESIDING COMMISSIONER SIDLOFSKY: I believe
19 Commissioner Dodds has a question for you, too. This
20 might be a good place for it.

21 Ms. Coban, do you mind if we jump up with
22 questions as they come up?

23 D. COBAN: Yes, please do.

24 COMMISSIONER DODDS: Just out of interest, what
25 are some examples of large-use customers?

26 S. VETISIS: Our large-use customers typically
27 tend to be more industrial, like really significant,
28 large manufacturing facilities.

1 COMMISSIONER DODDS: And you are anticipating
2 that there will be more of these in the next five
3 years?

4 S. VETSIS: It is a mix of more of them, as well
5 as existing facilities that are expanding over time.

6 COMMISSIONER DODDS: Okay, thank you.

7 S. VETSIS: And so we shift here to Slide 8,
8 which shows the rate framework. And as was noted
9 earlier, we have received some clarification
10 questions regarding the settlement proposal. And we
11 will be providing more detailed responses on October
12 -- not -- yes, October 15th. Good Lord, I forgot
13 what month I am in.

14 One of the questions there was in relation to
15 the inflation and the derivation of the revenue
16 growth factor. And again, as I said, we will provide
17 a more fulsome response. However, we did want to
18 provide a clarification initially. And so, Elexicon
19 wishes to clarify -- Elexicon and the parties wish to
20 clarify that the framework is functioning as
21 intended.

22 So in deriving the RGF, which we will talk about
23 in a minute, we use an inflationary assumption of 2
24 percent because this aligns with the general
25 assumption underpinning the plan as well as the Bank
26 of Canada economic outlook. In the future years, we
27 leverage the OEB's inflation factor to ensure that
28 annual adjustments are capturing inflationary trends.

1 And so the approach in this framework is
2 consistent with the approach approved by the OEB in
3 some other custom IR applications, such as Toronto
4 Hydro's 2025 to 2029 custom IR application.

5 It's also important to remember that the
6 settlement proposal represents a comprehensive
7 negotiated resolution on the framework. It's
8 informed by the company's investment needs and
9 reflects the parties' positions as to the appropriate
10 allocation of risk between Elexicon and customers,
11 and the methodology to derive the RGF is part of
12 that. And so, as I said, we will provide a more
13 detailed, fulsome response on the 15th.

14 But for now, let's walk through the framework
15 that exists, that's on the slide here today.

16 And so the proposed revenue framework is a
17 simplification of what Elexicon originally had. It
18 is a custom revenue cap index which adjusts the prior
19 year's revenue requirement.

20 The first element is the inflation factor, I.
21 This is based off of the OEB's typical inflation
22 factor. It's used to track broad trends and
23 inflationary pressures, and this is the only value in
24 the formula that will be changing over the rate
25 period following the approval of this application.

26 Second is the X factor, which provides an
27 upfront benefit to customers through a reduction to
28 rates, and incents Elexicon to find productivity.

1 And the X factor is comprised of two elements, a
2 stretch factor of 0.3 percent and a productivity
3 factor of 0 percent, aligned with OEB policy.

4 That leaves us with the last element, the
5 revenue growth factor, which is designed to capture
6 drivers of additional capital and maintenance
7 expenditures above inflation. And the way the RGF is
8 treated has changed from the original application.

9 In the case of capital, it's based off of
10 forecast costs, but reduced by an incremental stretch
11 of 0.15 percent.

12 For OM&A, we have shifted to an index approach
13 in which the prior year's OM&A is increased by
14 inflation and growth. And the parties have agreed to
15 a growth factor of 1.57 percent.

16 So we start with an OM&A value in '27, which
17 will be decided through oral hearing, make
18 adjustments each year, and that will form the OM&A
19 funding through RGF.

20 Now it's important to note that when we
21 calculate the RGF, we subtract out the value of the
22 inflation factor, so there is no double-counting of
23 inflation.

24 As well, in Elexicon's original application,
25 OM&A was based off of a five-year forecast. And so,
26 as part of that forecast, Elexicon had deferred
27 certain necessary costs to 2028 in order to manage
28 rate impacts at rebasing. And so, as a result of the

1 change in this framework, Elexicon is restating its
2 2027 OM&A to bring forward \$1 million in deferred
3 maintenance expenses to ensure that those mandatory
4 programs can be funded over the period.

5 And so I should note that while parties have
6 agreed that Elexicon can make this representation,
7 this adjustment is made without prejudice to the
8 intervenor's ability to challenge the appropriateness
9 of this amount. And so the framework before you is
10 consistent with recently approved frameworks in other
11 applications and will allow for efficient updates
12 over the five-year period.

13 PRESIDING COMMISSIONER SIDLOFSKY: So Mr.
14 Vetsis, sorry, just so I am clear and I am sure I
15 read this in the settlement proposal as well, the
16 million dollars isn't settled?

17 S. VETISIS: No. We have agreed to make that
18 representation. And sort of that's become the going-
19 in '27 OM&A that we will be discussing at the
20 hearing.

21 PRESIDING COMMISSIONER SIDLOFSKY: Okay, thanks.

22 S. VETISIS: And so as part of our framework,
23 there are deferral accounts which ensure there are
24 appropriate protections and incentives in place to
25 manage uncertainty and risk and, through settlement,
26 there have been some modifications to the accounts
27 that would be in effect. These fit into three main
28 buckets. The top three that you see here are

1 accounts that have been approved as filed, agreed to
2 as filed. And so, those are the earnings-sharing
3 mechanism which provides -- which shares over-
4 earnings with customers above a hundred basis points
5 on a 50/50 basis, the connection and cost recovery
6 agreement variance account, which tracks variances in
7 capital contributions to Hydro One, as well as the
8 non-wires solutions deferral account, which will
9 allow Elexicon the opportunity to track costs
10 associated with non-wires programs should they
11 materialize over the term.

12 Next we have the demand-related variance
13 account. This is a variance account that was tied to
14 externally driven customer work programs, mandatory
15 customer programs, which are the customer and
16 generation connections, system expansions and
17 externally driven plant relocation.

18 Parties have agreed to this account. However,
19 it is now subject to a 15 percent symmetrical
20 deadband.

21 And then for the remainder of the proposed
22 accounts, the new stations deferral account, large
23 load variance account, and capital in-service
24 additions variance account, those have all been
25 removed and Elexicon will need to manage those risks
26 within its existing funding envelope over the term.

27 As I have noted, the rate framework supports
28 efficient annual updates. So in this framework, the

1 annual updates that will occur will be adjustments to
2 base rates as a result of the CRCI, clearance of
3 Group 1 accounts as well as updates to other pass-
4 through charges, such as retail transmission service
5 rates, low-voltage rates, et cetera. And the scope
6 of annual updates here is very similar to a typical
7 IRM application.

8 And so as a whole, that constitutes the rate
9 framework that will underpin the next five years
10 coming out of settlement.

11 We shift next to Slide 11. I wanted to take a
12 moment to discuss the load forecast. So our load
13 forecast will be establishing five years of charge
14 determinants which will underpin rate setting through
15 the term, and the settled load forecast that you see
16 is largely in line with what was originally proposed,
17 subject to some minor adjustments upwards.

18 Those adjustments are related to the rate of
19 customer growth for the small business class and the
20 impact that then has on consumption, some changes to
21 the historical assumptions for CDM savings,
22 adjustments to the timing of large loads.

23 And if you recall, Elexicon's load forecast
24 included a significant amount of manual adjustments
25 to account for large loads. Included in that was a
26 factor which accounted for the typical construction
27 delays that we experience in the execution of these
28 projects. And so that term has been reduced. And

1 what it means is that it pulls forward a little bit
2 earlier, the load associated with some of those large
3 classes which puts an upwards pressure on the load
4 forecast. The final adjustment is related to just
5 the economic assumptions for the large classes in the
6 rate zone.

7 I will shift now to my colleague, Mr. Sheehy, to
8 talk a little bit about the changes to the capital
9 expenditures.

10 S. SHEEHY: Thank you.

11 The settlement resulted in a 16 percent
12 reduction to the proposed net capital plan
13 representing a decrease of approximately \$118 million
14 over the five-year envelope.

15 These reductions also drive corresponding
16 changes in the associated in-service amount funding
17 requirements over the five-year period.

18 To implement the settlement outcome, Elexicon
19 assessed each investment program and allocated the
20 reductions across the four investment categories
21 showing on this slide, so system access, system
22 renewal, system service and general plant.

23 In applying these changes, consideration was
24 given to balancing our mandatory obligations with
25 investments that offered optionality for adjustment.
26 The settlement outcome preserves critical capacity
27 investments needed to address system constraints and
28 support the customer growth across Elexicon's service

1 territory, which Mr. Vetsis highlighted on an earlier
2 slide. As a result, larger reductions were required
3 within system renewal and the grid modernization
4 portfolios.

5 While system renewal and grid modernization
6 investments have been reduced, maintaining
7 reliability performance throughout the rate period
8 will require continued focus on operational execution
9 and adequate OM&A funding to address emerging assets
10 and system risks in our system.

11 Continuing on with commitments. For the
12 purposes of settlement, the parties have agreed to a
13 total of 12 commitments which can be found in part G
14 of the settlement proposal.

15 These commitments have been grouped into the key
16 themes of engagement, distributed energy resources,
17 and electric vehicles, energy transition and system
18 planning and enhancements.

19 A significant level of enhanced analysis,
20 investigation, and stakeholder engagement will be
21 undertaken during the rate period to strengthen
22 Elexicon's planning processes and our stakeholder
23 relationships.

24 S. VETSI: And so we shift here to Slide 14,
25 which summarizes the unsettled issues on this
26 proceeding, and so, what will go to oral hearing will
27 be the 2027 -- I have forgotten how to speak today --
28 the 2027 test year OM&A, the long-term debt rate that

1 underpins the cost of capital, the implementation
2 costs associated with Elexicon's Dx NEXT initiative,
3 the ERP implementation that we talked about on
4 evidence day.

5 While parties have agreed to the nature of
6 harmonization, the period over which rate
7 harmonization will occur will be subject to hearing
8 as well as the disposition periods of group 2 account
9 balances. And just for a little context, these are
10 both areas which ultimately depend on, you know, the
11 final impacts associated with the revenue
12 requirement, and so, they will go to hearing so that
13 parties can make submissions on the appropriate
14 solution.

15 And so with that, those were the planned remarks
16 we had today. We have run through the settlement
17 proposal and open to any further questions that you
18 may have.

19 COMMISSIONER DODDS: Yeah, I notice on your
20 capital, I know that's a settled issue, but you have
21 a significantly, relatively large amount there for
22 system access. You have some flexibility there, do
23 you not, on getting contributions in aid of
24 construction? It just seems larger by comparison on
25 normal hearings that you have such a large amount of
26 capital for system access.

27 S. SHEEHY: Within the system access investment
28 category, so we have externally initiated plant

1 relocation, customer generation connection, system
2 expansion, AMI and -- metering and AMI2.0. So the
3 mandatory customer-driven work that we have
4 forecasted underpins that investment level that we
5 see. The settlement changes that you see between the
6 column on the left, the proposed and the settled,
7 there was adjustments made to the AMI2.0 program, so
8 where there was some opportunity and optionality for
9 adjustment but everything else remains in flight and
10 is customer-driven work that we have forecasted.

11 COMMISSIONER DODDS: Okay. Thank you. I
12 realize this is a settled issue. This is just more
13 of my own interest. Thank you.

14 S. VETISIS: I think maybe just add it's a
15 testament to the high growth that we talked about on
16 the earlier slide, that there is still the economic
17 pressure that exists within our service territory.

18 COMMISSIONER DODDS: Yes, thank you.

19 PRESIDING COMMISSIONER SIDLOFSKY: I am just
20 going to ask Commissioner Janigan if he has any
21 questions. I have a couple, but --

22 Commissioner Janigan.

23 COMMISSIONER JANIGAN: Yes. I wonder if you can
24 tell me what effect the outcome of the unsettled
25 issues may have on any of the issues that are set out
26 in this settlement agreement and what may be the
27 consequence?

28 S. VETISIS: Jeff, can we go back to Slide 6.

1 So Commissioner Janigan, I think the settlement
2 proposal for many issues determines the methodology
3 that for calculations of the revenue requirement.
4 Ultimately, you know, changes for example to the OM&A
5 will impact us in the custom IR framework because we
6 will have to recalculate the revenue growth factor
7 based off of that base amount. Changes to the long-
8 term debt rate would impact the weighted average cost
9 of capital, and so we would recalculate the revenue
10 requirement accordingly. However, those are kind of
11 more mechanistic flow-throughs to the revenue
12 requirement. The settlement proposal would set the
13 underlying envelopes upon which those mechanistic
14 changes would be made.

15 And if you look throughout the settlement
16 proposal, we have tried to identify the areas where
17 there would be updates at the draft rate order stage
18 or updates coming out of the settlement, and so we
19 have tried to articulate that throughout the pages of
20 the proposal. I hope -- does that answer your
21 question?

22 COMMISSIONER JANIGAN: I think so. I guess what
23 I am looking at is if the results of the unsettled
24 issues ultimately become a negative matter for the
25 company, this will not impact in relation to all of
26 the expectations that you put into the settlement
27 agreement itself. Do you get where I am going on
28 that?

1 S. VETSIS: I think I do. I mean -- but I think
2 ultimately that's kind of why we are going to oral
3 hearing. Obviously there is a link between the level
4 of OM&A funding and the ability to execute on the
5 commitments in the plan. And so that will be an area
6 where the parties will be making their submissions
7 and providing guidance and information to the board
8 so that it can understand, but ultimately, with
9 approval of the settlement proposal, Elexicon would
10 be looking to execute on, you know, the capital
11 program that you see in this settlement proposal.

12 COMMISSIONER JANIGAN: So you won't be taking
13 the position that in the event that you're
14 unsuccessful with the unsettled issues, that the
15 settlement itself has been damaged in some way?
16 Other than what you have told me in terms of what it
17 --

18 S. VETSIS: I don't believe so. Again, we would
19 make through our positions, through our submissions,
20 through the evidence that we provide at the oral
21 hearing, we would make clear, you know, the
22 implications of any change on OM&A and obviously we
23 would have to find a way to execute within the
24 outcome.

25 COMMISSIONER JANIGAN: Okay. I know it's a
26 difficult issue to prognosticate on, but I just
27 wanted to --

28 S. VETSIS: Without knowing what the outcome

1 might be.

2 COMMISSIONER JANIGAN: Yeah, excellent. I guess
3 that's true.

4 PRESIDING COMMISSIONER SIDLOFSKY: Was that it,
5 Commissioner Janigan?

6 COMMISSIONER JANIGAN: That is it. Thank you
7 very much, Mr. Chairman.

8 PRESIDING COMMISSIONER SIDLOFSKY: Mr. Vetsis, I
9 think these couple of questions are for you and they
10 relate to OM&A.

11 I understand that OM&A isn't settled, but I just
12 want to make sure that I understand what you will
13 need us to adjudicate later.

14 So the OM&A amounts are unsettled. The
15 adjustment formula is settled for OM&A; correct?

16 S. VETISIS: Correct.

17 PRESIDING COMMISSIONER SIDLOFSKY: Okay. My
18 question, it really relates to the treatment of share
19 services. So on page 11 of the settlement proposal,
20 you say that issue 4.2 is partially settled. If you
21 want to bring that up on the screen you are welcome
22 to. If you want to open it up, that's fine.

23 S. VETISIS: Could you repeat the page number for
24 me, please.

25 PRESIDING COMMISSIONER SIDLOFSKY: It's page 11
26 of 81 in the settlement proposal. It's dealt with in
27 other areas, but that's probably the easiest for me
28 to refer to. And if you can scroll down a little bit

1 to the end of the page, that's great.

2 Okay. So OM&A is unsettled, and with respect to
3 issue 4.2, you say that you haven't reached agreement
4 on the resulting shared services cost allocations
5 because those allocations are dependent on the OEB's
6 determination of the appropriate 2027 test year OM&A
7 funding level under issue 4.1. I am going to stop
8 there because my first question is about that.

9 When you -- I can understand that the numbers
10 haven't been settled because the overall OM&A amount
11 hasn't been settled so clearly you can't settle the
12 shared services values, but when you refer to
13 allocations here and the allocations not being
14 settled, do you mean the values or do you mean the
15 percentages of the allocations among the members of
16 your corporate family?

17 S. VETISIS: I think what we are saying is that
18 both are there and that parties would not be
19 prevented from making any submissions regarding the
20 allocations of the percentages, et cetera.

21 PRESIDING COMMISSIONER SIDLOFSKY: Okay.

22 S. VETISIS: Just the awkwardness that we have,
23 which we will have to manage with the way we settle
24 OM&A, is of course some of these shared services are
25 an adjustment under other revenue. So we have
26 settled the other revenue amounts, specifically the
27 \$5.2 million. And so I think when we look at and as
28 you're making your determinations on the 2027 OM&A, I

1 guess it's made within that context that the revenue
2 offset is locked in, and so the question will be if
3 both the parties can still ask questions and make
4 submissions on whether the approach to allocation is
5 appropriate.

6 PRESIDING COMMISSIONER SIDLOFSKY: Okay. So
7 that pretty much answers -- my second question was
8 just to have you confirm that you have already locked
9 in part of that because you have locked in the
10 contribution of other revenue into shared services --
11 to the shared services cost --

12 S. VETSIS: That is -- yes, correct.

13 PRESIDING COMMISSIONER SIDLOFSKY: -- correct?
14 Yes. Okay. So what we may be hearing about in the
15 hearing or in the submissions afterwards is what the
16 correct OM&A number should be and what the correct
17 values attributed to shared services should be, and
18 we may also be hearing about what the correct
19 percentage allocations among the members of the
20 corporate family should be? I am not necessarily
21 saying we will hear about that, but those things are
22 all open --

23 S. VETSIS: I mean, those are --

24 [Simultaneous dialogue]

25 PRESIDING COMMISSIONER SIDLOFSKY: I am sure you
26 have a view, but those things will all be open issues
27 in the --

28 S. VETSIS: That is my understanding, that

1 intervenors can ask questions in those areas and
2 submissions in those areas.

3 PRESIDING COMMISSIONER SIDLOFSKY: Okay. And
4 being the only party representative in the room here
5 with me, Mr. Rubenstein, is that pretty accurate?

6 M. RUBENSTEIN: I believe so. From how I heard
7 it, I mean, in the context of OM&A, there are shared
8 services costs that sit within that, and so, insofar
9 as it relates to the OM&A costs, the allocations, the
10 costs, all that is potentially a line of submissions
11 that you may hear.

12 PRESIDING COMMISSIONER SIDLOFSKY: Okay. Thank
13 you. Those were my couple of questions. If no one
14 else has any other issues, I don't -- I haven't heard
15 that there were going to be any questions from Staff.

16 Mr. Hobbins, did you have any? No. Thank you.

17 With nothing else then, this is concluding a lot
18 sooner than I expected, which is probably a good
19 thing for everyone, but I want to thank the Elexicon
20 representatives and all of the party representatives
21 as well for having attended this morning, whether in
22 person or virtually. The presentation was very
23 helpful. Thank you.

24 And we are looking forward to your answers by
25 the 15th, Ms. Coban.

26 And just -- I think there was a bit of a mix up
27 on the undertaking number. We are going to number
28 that JS1.1 -- "S" for settlement because undertakings

1 are typically lettered as J.

2 So with that, I believe we are adjourned. Thank
3 you very much.

4 --- Whereupon the proceeding concluded at 10:17
5 a.m.