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**File No. 099576.000089**

November 25th, 2022

**Delivered by Email & RESS**

Nancy Marconi, Registrar  
Ontario Energy Board  
PO Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Elexicon Energy Inc. – Phase 1 Reply Submissions – EB-2022-0024**

Pursuant to Procedural Order No. 2 dated November 1, 2022, please find the enclosed Reply Submissions of Elexicon Energy Inc. for the above-noted Proceeding.

Yours truly,

A handwritten signature in black ink, appearing to read 'Colm Boyle', is written in a cursive style.

Colm Boyle  
cc. All Intervenors in EB-2022-0024

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Elexicon  
Energy Inc. to the Ontario Energy Board for an Order or Orders  
approving or fixing just and reasonable distribution rates and  
other service charges to be effective January 1, 2023.

**PHASE 1 REPLY SUBMISSIONS**

**ELEXICON ENERGY INC.**

**EB-2022-0024**

**NOVEMBER 25, 2022**

**Elexicon Energy Inc.**  
**Phase 1 Reply Submissions**

1. Elexicon Energy Inc. (“**Elexicon**”) filed an incentive rate-setting mechanism (IRM) application with Ontario Energy Board (the “**OEB**”) on July 28, 2022 seeking an order or orders under Section 78(2) of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable distribution rates and other service charges to be effective January 1, 2023 (OEB File No. EB-2022-0024) (the “**Application**”).
2. On November 1, 2022, the OEB issued Procedural Order No. 2 bifurcating the Application into two phases. Phase 1 will deal with the mechanistic IRM portion of the application including: (i) the Price Cap adjustment, (ii) the review and disposition of Group 1 deferral and variance account balances, (iii) retail transmission service rates, (iv) shared tax adjustments, and (v) review and disposition of the lost revenue adjustment mechanism variance account. Phase 2 will focus on the three (3) ICM request.
3. On November 15, 2022, OEB Staff filed its submissions on Phase 1 of the Application (the “**OEB Staff Phase 1 Submissions**”). No other party filed submissions on Phase 1 of the Application.
4. Elexicon makes this reply to the OEB Staff Phase 1 Submissions.

**Annual Adjustment Mechanism**

5. OEB Staff took no issue with Elexicon’s request to move its Whitby RZ to a Price Cap IR plan effective January 1, 2023, in a manner consistent with the OEB’s December 1, 2021 letter allowing distributors that are on the Annual IR Index rate-setting plan and in a current deferral period arising out of a consolidation to move to the Price Cap IR plan effective with 2023 rates.<sup>1</sup> Elexicon submits the OEB should approve this request.

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<sup>1</sup> OEB Letter re: Applications for 2023 Electricity Distribution Rates dated December 1, 2021 at page 3. Available online at (last accessed Nov. 22, 2022): <https://www.oeb.ca/sites/default/files/OEBltr-List-of-2023-Rebasers-20211201.pdf>

6. OEB Staff also took no issue with Elexicon's calculation of the Price Cap IR adjustments for both the Whitby RZ or for the Veridian RZ.

### **Group 1 Deferral and Variance Accounts**

7. With respect to the Veridian RZ, OEB Staff is supportive of Elexicon's request to dispose of its 2018 to 2021 Group 1 DVA account balances on a final basis over a 12-month period, "subject to the condition that Elexicon Energy is to make the adjustments of \$25,860 and \$11,460 to the 2019 Account 1588 and 1589 balances respectively" relating to an unaccounted for energy issue that was uncovered as part of Elexicon's 2021 rate application process.
8. Elexicon does not agree to make the recommended adjustments to the 2019 Account 1588 and 1589 balances. As explained in response to Staff-43(b), Elexicon did an analysis prior to submitting the current application and determined that the principal amounts are not significant enough to change the calculated GA or DV rate riders and will therefore have no bill impact. It is therefore difficult to understand OEB Staff's concern that "there may potentially be cross-subsidization between customer groups." It appears to be a purely academic assertion, since the evidence in this case is that there will be no such cross-subsidization.
9. OEB Staff also considered Elexicon's evidence relating to the Account 1595 (2019) error and supports Elexicon's proposal to dispose of Account 1595 (2019) on a final basis and refund the \$5,914 balance to 10 current transition customers as part of this Application. Elexicon agrees.
10. With respect to the Whitby RZ, OEB Staff is supportive of Elexicon's request to dispose of its 2020 and 2021 Group 1 DVA account balances on a final basis over a 12 month period, noting that the request to implement the Accounting Guidance in the Whitby RZ will not impact customers, nor the outcome of the account balances requested for disposition in this proceeding. Elexicon agrees.

### **Lost Revenue Adjustment Mechanism**

11. OEB Staff supports Elexicon's request to dispose of its LRAMVA balances, which are consistent with the OEB's CDM Guidelines and which in OEB Staff's opinion are reasonable. Elexicon agrees.
12. OEB Staff also supports Elexicon's request to approve the 2023-2028 LRAM-eligible amounts, including recovery of these amounts, subject to adjustment by the approved I minus X factors, beginning with the 2023 rate year for both the Veridian RZ and the Whitby RZ. OEB Staff's view is that the LRAM-eligible amounts are also reasonable. Elexicon agrees.
13. Finally, Elexicon confirms that its proposed LRAM disposition is on a complete and final basis. Elexicon supports OEB Staff's proposal to set the LRAMVA balance to zero, but that it not be discontinued.

### **Conclusions**

14. For the reasons set out above, Elexicon submits that its electricity distribution rates should be approved as filed in the Phase 1 components of its Application and subsequently revised through the interrogatory responses and these reply submissions.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 25<sup>th</sup> DAY OF NOVEMBER, 2022.

**BORDEN LADNER GERVAIS LLP**

**Per:**



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Colm Boyle