

Brooklin Landowners Group

Supplementary Responses to Interrogatories from

Coalition of Concerned Manufacturers and Business of Canada

Interrogatory CCMBC-10

e) Considering that the incremental cost to make a home “DER-and-EV-Ready” is only \$2,260 why does Elexicon believe that the Developers would not be able to recover the cost from Sustainable Brooklin home buyers and should instead recover it from current Elexicon ratepayers using ICM funding?

Response of Elexicon Energy Inc.

e) Elexicon has been informed that absent the Sustainable Brooklin Project and its quid-proquo, the homes built in North Brooklin will not be built DER-and-EV-ready. This is the driver behind Elexicon’s Sustainable Brooklin proposal, as further elaborated on in Elexicon’s application and evidence. Elexicon is not a subject matter expert in the costing and valuation of residential real estate, and thus has no basis for a definitive position on developers’ ability to recover costs incurred when selling completed housing units.

Supplementary Response of Brooklin Landowners Group

e) Please refer to the Supplementary Responses of Brooklin Landowner Group to 1-Staff-17(d).

Brooklin Landowners Group

Supplementary Responses to Interrogatories from

Coalition of Concerned Manufacturers and Business of Canada

Interrogatory CCMBC-11

a) Did the Developers express their concern about inconsistency between the DSC and the TSC in writing? If the answer is yes, please file copies of all correspondence including e-mails between the Developers and Elexicon about the inconsistency? If the answer is no, when, and how was Elexicon made aware of the inconsistency?

Response of Elexicon Energy Inc.

a) The Brooklin Developers expressed their concern verbally during discussions with Elexicon regarding the application of the DSC and the capital contribution required to construct the infrastructure that would extend distribution capacity to North Brooklin.

Supplementary Response of Brooklin Landowners Group

a) Yes, this concern, a consistent theme in the concerns expressed by the Brooklin Landowners Group to Elexicon over the course of almost four years, was articulated in letters that were sent to Elexicon, on behalf of the Brooklin landowners, in 2021. Please see **Attachment 1** for correspondence between the Brooklin Landowners Group and Elexicon.

CCMBC-11

Attachment 1

c) No. Elexicon is not a subject matter expert in the costing and valuation of residential real estate, nor market risk in these areas.

d) As noted in section 5.1 Facilitating Innovation and DER-EV Uptake¹, the Sustainable Brooklin Project seeks to enable greater uptake of DERs in a geographically targeted region in order to credibly explore deferral of material investments in the 2030's. Elexicon requires time to assess the approach to system planning, which may prove to yield beneficial outcomes well beyond a single, targeted deferral in the long term.

Appendix B Incremental Capital Module: Whitby Smart Grid & Sustainable Brooklin, Page 46 of 56

Supplementary Response of Brooklin Landowners Group

a) Please see Supplementary Responses of Brooklin Landowners Group to 1-Staff-17(d) and (e).

c) We do not understand the reference to “market risk in the context of the question posed . As explained in the Supplementary Response to 1-Staff-17(d), the issue is not about market risk but about price competitiveness and affordability. The estimated total incremental cost of financing Phase 1 capital costs and investing in DER and EV enablement features is approximately \$5,000/unit (a rough estimate). This incremental amount would increase the affordability of each home; i.e., it moves the needle of affordability and relative price competitiveness.

Moreover government of Ontario has declared a housing “affordability crisis” in the Province. Adding DER and EV enablement costs to the cost of new houses in North Brooklin does nothing to address this crisis and, in fact, exacerbates the problem.

d) The Brooklin Landowners Group does not accept the premise of the question. Elexicon’s applications for a Sustainable Brooklin ICM and exemptions from the *Distribution System Code* are related to the construction of the Brooklin Line, not for the purpose of supporting or financing the Brooklin landowners commitment to invest in DER and EV enablements in new houses.

It is true that if the Brooklin landowners are required to pay the capital cost of the Phase 1 Project facilities (i.e. the Brooklin Line) in the form of a capital contribution, they will need to do everything in their power to cut costs in other areas in order to maintain affordability and relative price competitiveness. This would include abandoning their plan to spur innovation by offering DER and EV enablements in new houses, as part of a standard offering. The Brooklin landowners expect that if their DER and EV plans proceed, developers in other areas will seek to compete by making similar offers, thereby triggering a tsunami of transformational change.

Finally, it should be noted that Elexicon’s applications for a Sustainable Brooklin ICM and exemptions from the *Distribution System Code* are not triggered by or contingent on ,the inclusion of DER and EV enablements in the standard offering of the Brooklin landowners. These applications stand on their own and are justified, not by the DER and EV proposal, but by the regulatory arguments, including the fairness arguments, that are summarized in the Supplementary Responses of the Brooklin Landowners Group to 1-Staff-15 and 17.

Brooklin Landowners Group

Supplementary Responses to Interrogatories from

Coalition of Concerned Manufacturers and Business of Canada

Interrogatory CCMBC-20

Appendix B-2, Sustainable Brooklin Business Case, page 15 Preamble: “Investments made by the Brooklin Developers to create a DER and EVready community will incur capital costs on their part, for which recovery at the time of home sale is highly uncertain. Given the high and increasing cost of residential development and construction, the Brooklin Developers would be otherwise unlikely to assume the business risk of constructing DER and EV-ready homes in North Brooklin. This outcome is highly sub-optimal, as the costs and challenges of DER and EV retrofits are significantly greater than inclusion of these technologies at the design and construction phases. All else equal, failing to incorporate these technologies into frontend development will result in a community of North Brooklin that has low or average levels of DER and EV uptake.”

a) Does Elexicon believe that DER and EV ready homes would not be more attractive to home buyers and that they would be unwilling pay \$2,260 more for such homes? Please discuss.

c) Have the Developers discussed the market risk of constructing DER and EV ready homes with Elexicon? If the answer is yes, please file copies of all correspondence including e-mails between the Developers and Elexicon regarding such market risk. If the answer is no, please confirm that Elexicon has no experience in the assessment of real estate market risk.

d) Is it fair for Elexicon customers in other service areas to be forced to subsidize the construction of DER and EV ready homes in Brooklin while they must pay higher costs to have their own homes made DER and EV ready? Please explain your answer.

Response of Elexicon Energy Inc

a) Elexicon is not a subject matter expert in the costing and valuation of residential real estate, and thus has no basis for a definitive position on whether such homes would be more attractive to home buyers. However, this of itself is a contributing reason Elexicon has proposed the Sustainable Brooklin project. Elexicon’s proposal will ensure that the new home will be built DER-and EV-ready in the immediate future, regardless of whether market demand for such homes is immediate. To the degree a first new home owner does not install DERs or an EV charging station, a subsequent home owner can make such an investment at arguably the same cost. The subsequent home owner will not have to overcome the economic barrier of having a costly retrofit to make the home DER and EV ready.

June 9, 2021

MGP File: 17-2666

Elexicon Energy

Norm Fraser, Interim President and CEO
55 Taunton Road East
Ajax, ON L1T 3V3

via email: nfraser@elexiconenergy.com

Dear Mr. Fraser:

**RE: Brooklin Landowners Group Inc.
Electricity Infrastructure Delivery to North Brooklin**

Malone Given Parsons (“MGP”) represents the Brooklin Landowners Group Inc. (“BLG”), who collectively own approximately 466 hectares of developable land in the north part of the Brooklin Community Secondary Plan (“BCSP”) area. Our group has been working cooperatively since 2019 with the Town and Elexicon staff to deliver electricity service to North Brooklin in a timely fashion.

Following the approval of BCSP in 2018, BLG began discussions with Elexicon Energy (“Elexicon”, previously Whitby Hydro) in 2019 (following initial discussion with Whitby Hydro in 2018) with the intent to arrange the design and delivery of electricity infrastructure to the Brooklin community in order to meet the development schedule of first home construction and energization in 2020. During those initial discussions with Elexicon, BLG was told that there has been no short and/or long-term planning for delivery of electricity service by Elexicon. This is despite the significant amount of anticipated growth expected in this area, growth which has been approved and anticipated since 2013.

In addition, Elexicon advised there is no capacity within its existing system to support any growth within North Brooklin and the hydro poles from its existing hydro station on Lakeridge Road are fully loaded. Any new development requires an entirely new 27.6 kV service be designed and constructed to the North Brooklin community.

BLG has frequently expressed its ongoing concern with the lack of planning and commitment to deliver the required infrastructure by Elexicon to support long-planned growth in the Town. Instead of planning capacity additions to support that growth, Elexicon has taken the position that any new capacity will be treated as an expansion of its system at the request of new customers, and is therefore to be paid for by the developers and ultimately new homeowners in North Brooklin.

While we disagree with this position, we have proceeded to work cooperatively with Elexicon to design, tender, and construct the new electricity service to North Brooklin to Elexicon’s satisfaction to expedite delivery of service to an area that is expected to add 56,000 people in the near and medium term. With the routing of the new system confirmed and our cost estimate prepared, we have requested that Elexicon provide us with its economic analysis and offer to connect, and are still awaiting this information.

It should be noted that, if this is an expansion, even at the initial cost estimates this may be the largest developer funded expansion for a local distribution infrastructure in the history of the Province.

BLG and MQ Energy (our electricity consultant) have continued to work with Elexicon through 2020-2021. Numerous design and working group meetings were held at the suggestion of Elexicon to advance the design and delivery of the required infrastructure. We are currently working towards an estimated first energization date no earlier than Q2 2022.

In the last two months significant issues have arisen that challenge our ability to advance the project, even in its delayed timeframes.

Within the past few weeks, our consultant was made aware by Elexicon staff that as-built information is not available from Elexicon with regard to the condition of its existing infrastructure coming from the Lakeridge TS station. This information is critical to the design work we are undertaking for the extension of services to North Brooklin. Instead of providing the information to us, Elexicon has asked us to undertake an assessment (at our cost) and testing of the Elexicon infrastructure from the station, including arranging with Hydro One to test infrastructure within the station itself. It is to be noted that previously it was discussed and agreed with Elexicon that BLG will be responsible for designing and constructing the Hydro infrastructures from Lake Ridge Road at the Whitby TS Egress and connect to the existing hydro infrastructure at Lake Ridge Road.

Elexicon should have provided this information to us early in our design process, or disclosed to us at the outset that the utility's asset condition information has significant gaps. The lack of this most basic work is impacting the timing and cost of delivering the hydro infrastructure to North Brooklin.

This is extremely concerning to us; we were initially assured by Elexicon staff that all existing information, including the design and delivery of infrastructure from the station to the connection point at Lakeridge Road, would be provided to us by Elexicon to expedite our design process. We have had weekly meetings with Elexicon for the last year to coordinate the design of the system and address any other project related matters. This fundamental issue has only been raised well into the design process.

In yet another surprise, we were issued an \$71,398.33 invoice from Elexicon staff to BLG charging for the Elexicon staff time spent in our coordination meetings between 2020-2021. The invoice was issued with no detail or backup information. In follow up inquiries we have been told by Elexicon staff that they have decided to institute a new practice of charging for their staff time, and that there will be no supporting material behind the invoice.

Furthermore, we have been told that if we do not pay these amounts to Elexicon they will not be able to continue meeting with us. The 'invoice' (attached to this letter) was issued mid-process without any prior understanding in place nor without any agreement with the landowners to charge for this time. Moreover, Elexicon appears to have claimed for itself the initial design deposit amount (\$25,000) provided by the BLG to Elexicon intended for covering the costs of third-party review of our design. This practice is completely unacceptable.

Currently, draft plan of subdivision applications are being processed and approved by the Town of Whitby without certainty from Elexicon that the required electricity infrastructure will be in place in time for first home construction to occur as scheduled (which could be as early as Fall 2020). At the current schedule, it is likely that energization of new housing in North Brooklin could be a year or more away, despite our best efforts to expedite the project.

We are left in the shocking situation of North Brooklin being the only planned growth area in the Greater Toronto Area that cannot accommodate new development because of a lack of required electricity infrastructure. We do not experience similar problems dealing with other electricity distributors, most of whom welcome customer growth, and work diligently with their local municipalities – often their shareholders as well – to facilitate new development.

As you can appreciate, the delays in delivering electricity infrastructure and capacity to the community will result in an increased cost and delay in providing much needed housing. This is not consistent with the Province's housing action plan, nor will it allow the Town to achieve its growth and financial forecasts.

Given these significant concerns, the BLG requests a meeting with the Chair of the Board and senior executives of Elexicon, and the Mayor and CAO of the Town of Whitby, to discuss these issues and agree to the path forward on this project.

I would like to thank you for your immediate attention to this and ask that you please contact me after review of this letter to schedule a meeting.

Yours very truly,

MALONE GIVEN PARSONS LTD.



Matthew Cory, MCIP, RPP, PLE, PMP,

BLG Group Manager and Principal

cc: Karen Fisher, Board Chair, Elexicon Energy
Mayor Don Mitchell, Town of Whitby
Matthew Gaskell, Town of Whitby
Brooklin Landowners Group Inc.
Jay Shepherd, Shepherd Rubenstein



Invoice

100 Taunton Road East, PO BOX 59
Whitby, Ontario L1N 5R8

Tel: 905 427-9870
Tel: 1 888 445-2881
Fax: 905 619-0210
elexiconenergy.com

Brooklin Landowners Group Inc.
30 Centurian Drive Suite 100

Markham, Ontario L3R 8B8
Attn: Julie Bottos

Work Order #	WCA200103	Customer #	BROLAN	Invoice #	JC300193
P.O. #		L/C. #		Invoice Date	04/06/2021

Interim Invoice #1

Actual costs incurred to March 31, 2021 for the review of engineering design and proposal for Brooklin North Development.

For further information please contact Qing Liu at qliu@elexiconenergy.com or Peter Senkiw at psenkiw@elexiconenergy.com.

Total Costs	\$63,184.36
HST	\$ 8,213.97

PLEASE REPORT IN WRITING ANY ERRORS OR IRREGULARITIES FOUND ON THIS INVOICE WITHIN 60 DAYS OF THIS INVOICE DATE, OTHERWISE INVOICE WILL BE DEEMED CORRECT.

Subtotal	\$ 71,398.33
Less Retainer	(\$25,000.00)
Invoice Total	\$46,398.33

Please remit payment to Elexicon Energy

HST # 88628 2920 RT0001 Net 30 Days

September 9, 2021

MGP File: 17-2666

Elexicon Energy

Norm Fraser, Interim President and CEO
55 Taunton Road East
Ajax, ON L1T 3V3

via email:

Dear Mr. Fraser:

**RE: Brooklin Landowners Group Inc.
Electricity Infrastructure Delivery to North Brooklin**

As you know, Malone Given Parsons (“**MGP**”) represents the Brooklin Landowners Group Inc. (“**BNLG**”), who collectively own approximately 466 hectares of developable land in the north part of the Brooklin Community Secondary Plan (“**BCSP**”) area, which has been planned to accommodate growth since 2013.

The northern portion of the BCSP area is anticipated to accommodate 13,700 residential units, significant retail commercial, employment uses and public uses over the next 20-30 years. Since the approval of the secondary plan for this area in 2019, our group has been working cooperatively with the Town and Elexicon staff to deliver electricity service to North Brooklin in a timely fashion.

As per our prior discussions, Elexicon has conveyed to the group that no capacity exists to accommodate growth in the north BCSP area from the existing 13.8 Kv electricity system servicing Brooklin. Furthermore, as per advice we have received from Elexicon this 13.8 Kv service is intended to be phased out in favour of the 27.6 Kv service.

Consequently, an entirely new 27.6 Kv service must be installed from the existing Whitby TS station at Taunton and Lakeridge Roads to the northern portion of the BCSP to accommodate any growth. This includes the construction of an entire system, including:

1. work within the TS station itself;
2. approximately 8 kms of feeder or ‘backbone’ poles/circuits from the station along Lakeridge and Columbus Roads to the Secondary Plan boundary through lands with no future load; and
3. approximately 11 kms poles/circuits throughout the entire BCSP area to service both the participating and other landowner’s lands, where development of these lands will occur over the next 20-30 years.

In June 2021 we sent you a letter outlining concerns we have with the timely and properly phased realization of an electricity system in Brooklin, and have since had a written response and two productive calls with you, where in the last we were invited to explore possibilities to ensure both the timely and reasonable delivery of infrastructure to North Brooklin.

This is a somewhat unusual situation. North Brooklin is anticipating a substantial development boom, consistent with the provincial and municipal housing strategies. Elexicon does not have sufficient capacity in place to meet the needs of those many new customers, nor current plans to add that capacity, and is essentially asking the BNLG landowners to expand the Elexicon system to meet this growth.

The result is an effective capital contribution by the BNLG landowners that may be the largest in Ontario history for any residential development. Finding a solution that involves a fair contribution by these developers, but also recognizes the net benefits to the Town, the utility, and many other existing and future customers, is critical to making this viable.

In this context, we are concerned that the treatment of this entire system as an expansion appears to consider all development of a new community as a single customer. In this instance the landowner group is being asked to construct feeder/backbone lines and the entire system within Brooklin on behalf of all future customers.

We appreciate your efforts to work with us to deal with this, and hope that you will continue to propose additional possibilities that will help. In the meantime, we are asking that you explore the following solutions, some of which have arisen out of our discussions to date:

1) The feeder/backbone be treated as a separate project and that Elexicon pay for this cost.

The feeder/backbone portion of the system would need to be constructed by Elexicon to bring power to the northern portion of the BCSP area, irrespective of whether the BNLG landowners were to develop.

The provision of the feeder/backbone also has the benefit of reducing Elexicon's capital costs in other areas as a result of having new 27.6 kV circuits. The addition of the new system will serve to strengthen the overall integrity of Elexicon's assets and maintenance of same. There is also the added benefit of being able to offer power to anyone wishing to connect, rather than facing limitations on future connections to the outdated 13.8 Line that would otherwise need to be replaced.

2) The connection period for the system within BCSP area be extended to 20 years.

Based on the scale of the system necessary for the 20-30 year build out of the north BCSP area, we will not be able to realize the necessary revenue requirements within the prescribed 5 year connection period.

We request that Elexicon agree to and seek approval of the Ontario Energy Board to include revenues from connections for a 20 year period.

A 20 year connection horizon would allow for a more appropriate opportunity to revenue capture and offset the capital costs associated with this large undertaking.

3) Elexicon enter into a cost sharing arrangement with the BNLG for the system cost.

We ask that Elexicon agree that anyone requesting to connect to this system be required to pay a proportionate share of the costs. This could take the form of a capital contribution to Elexicon by others seeking to connect, which would then be credited

back to the BNLG and therefore fairly apportion the cost of the work amongst all those that benefit from it. It is our understanding that this is consistent with the policies of the Ontario Energy Board.

4) Assigning capacity of the circuits constructed by the BNLG to the members of the BNLG landowners group.

Because the group is paying to bring through this area, we request that Elexicon agrees that the capacity of the new circuits constructed by the group be 'assigned' to the members of the BNLG. Should others wish to connect to these circuits, a letter of good standing with the group should be required from Elexicon prior to issuance of an offer to connect. This ensures that the capacity of the circuits is associated with the load from the subdivisions that will be paying for them.

5) The Economic Evaluations for the system and the individual subdivisions be adjusted to reflect the realistic assumptions for new load over the long-term timeframe of this project.

Elexicon is asked to use more realistic assumptions for new load on the circuits, revenues from those new customers, and offsetting costs of those new customers. Our preliminary analysis is that this could significantly reduce the capital contribution Elexicon seeks for subdivisions. Our advisors (Shepherd Rubenstein) have reviewed the economic evaluation and can provide the more detailed comments to Elexicon in this regard.

We also ask that Elexicon confirm the amount of benefit to existing customers and reduce the Economic Evaluation costs by the amount of costs associated with replacing the current 13.8Kv service for existing customers with the new system being constructed.

We also ask that all costs related to the project (including all internal costs of Elexicon, and all project costs absorbed by the BNLG) be included within the Economic Evaluation to allow for revenue capture and reimbursement of costs to the BNLG.

We thank you in advance for consideration of these request and request another meeting to discuss these potential solutions once you have had the chance to review them. We also would welcome any further suggestions you may have to assist us in solving these issues.

Yours very truly,



MALONE GIVEN PARSONS LTD.

Matthew Cory, MCIP, RPP, PLE, PMP, BLG Group Manager

cc: Karen Fisher, Board Chair, Elexicon Energy
Mayor Don Mitchell, Town of Whitby
Matthew Gaskell, Town of Whitby
Brooklin Landowners Group Inc. and Consultants

Atch – BLG June 9, 2021 Letter to Elexicon and July 19, 2021 Elexicon Letter to BLG.



July 19, 2021

Malone Given Parsons Ltd
140 Renfrew Drive, Suite 201
Markham, Ontario L3R 6B8
c/o Matthew Cory
BLG Group Manager and Principal
Sent via email: mcory@mgp.ca, jwong@mgp.ca

**RE: Brooklin Landowners Group Inc.
Electricity Infrastructure Delivery to North Brooklin**

I am writing in response to your letter dated June 9, 2021 on behalf of Malone Given Parsons (MGP) and the Brooklin Landowners Group Inc. (BLG).

I appreciate MGP bringing to my attention your concerns and the concerns of the BLG regarding development in North Brooklin.

Elexicon Energy welcomes and fully supports customer growth in our service area. We work diligently with all of our customers to facilitate the necessary electricity infrastructure in accordance with our obligations under applicable regulation.

While I appreciate that BLG may not like the treatment of its project as an expansion, Elexicon Energy is required to comply with its obligations under the Ontario Energy Board's Distribution System Code (DSC) and the treatment of this project as an expansion is in strict accordance with those obligations. Elexicon does not have discretion in this regard.

With regards to Elexicon Energy's planning for new growth, I would note that in 2007, Elexicon's predecessors invested in new station capacity via Hydro One's Whitby TS DESN1. This new station was built to supply new load growth, has been available to do so since 2007, and is available to provide capacity to accommodate the BLG development at 27.6 kV.

Regarding your request for an offer to connect, my understanding is that Elexicon Energy has advised you other necessary information is required before the offer can be made. Specifically, Elexicon Energy is still waiting on MGP and BLG to provide complete project Issued for Construction engineered and sealed (P.Eng.) details, drawing and calculations including but not limited to electrical plans, profiles, schematics, cable pulling calculations, duct details and underground construction details.

In addition, on June 18 Elexicon Energy provided BLG an updated draft economic evaluation model.

elexiconenergy.com

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With regards to existing infrastructure coming from the Whitby TS DESN1 station, Elexicon Energy did provide BLG's consultant with as-built drawings of the egress duct structures, which originate in the station and terminate on Lakeridge Road. Elexicon Energy recommended that BLG field locate the ducts to confirm their exact location for design purposes and that the ducts be mandrelled to ensure they are suitable for use. These recommendations represent best practices in the industry.

Under the Distribution System Code, all customers requesting a distribution system expansion are obligated to fund Elexicon Energy's costs associated with labour (including design and engineering) and overhead (including administration). On December 3, 2019, we requested a \$25,000 advance payment for these costs, which was paid. The December 3, 2019 correspondence includes a note that indicates the advance payment is a deposit only and will be invoiced on an actual cost incurred basis. The invoice you have referenced reflects actual costs incurred to March 31, 2021 for the review of engineering design and proposals for the BLG's proposed Brooklin North Development.

In conclusion, Elexicon Energy looks forward to any opportunity to support new growth in its service territory – as we and our predecessor utilities have done for decades. I want to thank you again for your letter and for bringing your concerns to my attention. As always, I am pleased to discuss your concerns.

Sincerely,

Norm Fraser
Interim President and CEO

cc.: K. Whitehead



November 8, 2021

Via e-mail: mcory@mgp.ca

Mr. Matthew Cory, MCIP, RPP, PLE, PMP, BLG Group Manager
Malone Given Parsons Ltd.
140 Renfrew Drive, Suite 201
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Matthew:

RE: Brooklin Landowners Group Inc. and Electricity Infrastructure Delivery to North Brooklin

We are writing in response to your enclosed letter dated September 9, 2021 (the “**Sept 9 Letter**”), which you sent to Elexicon Energy Inc. (“**Elexicon**”, “**we**” or “**us**”) on behalf of your client, Brooklin Landowners Group Inc. (“**BNLG**”). The Sept 9 Letter was in response to our letter of July 19, 2021 (the “**July 19 Letter**”), and it addresses a number of different matters relating to the expansion of Elexicon’s electricity distribution system that is necessary in order to service the new developments planned by BNLG. We appreciate you bringing our attention to your concerns and the concerns of the BNLG regarding development in North Brooklin.

In particular, the Sept 9 Letter makes five numbered requests, which will be addressed in turn in this letter. We do not agree that the facts support all of the assertions that are made in the Sept 9 Letter, including as more particularly detailed below. Further, as we noted in our July 19 Letter, Elexicon is a regulated entity and thus is required to comply with its obligations under the Ontario Energy Board’s Distribution System Code (“**DSC**”).

Point #1 of the Sept 9 Letter requests that “the feeder/backbone be treated as a separate project and that Elexicon pay for this cost.” The feeder/backbone is indeed being treated as a separate project. Per our previous discussions and per Section 3.2.30 of the DSC, it will be an expansion to the existing distribution system, and costs will be allocated in accordance with the Economic Evaluation in accordance with Section 3.2.1 of the DSC. As noted in our July 19 Letter, the treatment of this project as an expansion is in strict accordance with Elexicon’s obligations under the DSC, and Elexicon does not have discretion in this regard.

It should be noted that, as previously discussed with you and BNLG, Point #1 of the Sept 9 Letter is incorrect when it asserts that “the feeder/backbone portion of the system would need

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to be constructed by Elexicon to bring power to the northern portion of the BCSP area, irrespective of whether the BNLG landowners were to develop”. This is not the case. Point #2 of the Sept 9 Letter requests that “the connection period for the system within the BCSP area be extended to 20 years”, and further requests that Elexicon seek approval of the Ontario Energy Board to include revenues from connections for a 20 year period. Elexicon does not view these requests as appropriate in these circumstances. As you know, the feeder/backbone will be built in phases to accommodate the growth pattern of the development, and these phases will be built as separate projects, making the 5-year connection period an appropriate length of time for this particular phase of the overall project. For this reason, we see no exceptional circumstances that would justify extending the connection period beyond the 5-year customer connection horizon specified by the DSC.

Point #3 of the Sept 9 Letter requests that “Elexicon enter into a cost sharing arrangement with the BNLG for the system cost.” In accordance with Section 3.2.2 of the DSC, Elexicon will issue the BNLG an Offer to Connect Agreement (“**OTC**”) which will outline the cost sharing arrangements for the expansion. Elexicon is not permitted to deviate from the requirements of the DSC and the OTC is in strict accordance with the DSC.

Point #4 of the Sept 9 Letter requests that Elexicon “[assign] capacity of the circuits constructed by the BNLG to the members of the BNLG landowners group.” Elexicon is not permitted to accommodate this request – pursuant to the DSC, the capacity of the circuits will be assigned on a first-come, first-served basis, and any unforecasted load that connects to these circuits during the connection horizon set out in the OTC will be required to compensate BNLG in accordance with Section 3.2.27 of the DSC.

Point #5 of the Sept 9 Letter sets out three separate requests relating to the Economic Evaluation. The first request is that Elexicon “use more realistic assumptions for new load on the circuits, revenues from those new customers, and offsetting costs of those new customers.” The assumptions for the new load were provided by BNLG to Elexicon, and these are the values used in the Economic Evaluation. While Shepherd Rubenstein provided us with their own economic evaluation model for consideration, that model clearly did not follow the rules in the DSC. Our advisors (Borden Ladner Gervais) have previously responded to Shepherd Rubenstein to advise that their alternative model will not be reviewed further and that we will only entertain changes to the inputs and assumptions used in our Economic Evaluation model. Our Economic Evaluation model was originally created by the Municipal Electric Association (now the Electricity Distributors Association) and is used as the standard across the industry. While we are open to making reasonable changes to the customer load forecasts in the model if BNLG



provides updated values, to date we have not received any updated values from BNLG nor Shepherd Rubenstein.

The second request in Point #5 of the Sept 9 Letter relates to an alleged benefit to existing customers due to the replacement of their current 13.8 kV service. As we have previously discussed, if it were not for the developments proposed by BNLG, then the current 13.8 kV service would not have needed to be replaced. The customers on the current 13.8 kV service would have continued to enjoy reliable electricity service in the absence of this project. It is therefore inappropriate to make any adjustment to the Economic Evaluation model in this regard.

The third request in Point #5 of the Sept 9 Letter asks that all costs related to the project (including all internal costs of Elexicon, and all project costs absorbed by BNLG) be included in the Economic Evaluation to allow for revenue capture and reimbursement of costs to BNLG [in accordance with the DSC]. We have addressed this issue in an email sent on the same date as this letter by Stephen Crawford to your legal counsel, Jay Shepherd, in response to Jay Shepherd's email to Stephen Crawford dated September 28, 2021.

Elexicon looks forward to any opportunity to support new growth in its service territory – as we and our predecessor utilities have done for decades. We want to thank you again for your letter and for bringing your concerns to our attention. As always, we are pleased to discuss your concerns.

Kind regards,

Indy J. Butany-DeSouza, MBA
President and Chief Executive Officer

cc: Paul Murphy, Board Chair, Elexicon Energy
Mayor Don Mitchell, Town of Whitby
Matthew Gaskell, Town of Whitby
Brooklin Landowners Group Inc.
Jay Shepherd, Shepherd Rubenstein