



January 5, 2011

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
PO Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli,

**Re: E.L.K. Energy Inc.
2011 IRM2 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0126**

As requested on December 14, 2010, we submit our responses to Board Staff Interrogatories, including two (2) paper copies of responses to Board Staff Interrogatories.

Please do not hesitate to contact me if I can be of further assistance:

Sandra Slater
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Regards,

Sandra Slater, CA
Director, Finance & Regulatory Affairs

1. PILs Adjustment

Ref: Rate Generator Model

A portion of Sheet D1.1 from the Rate Generator Model is reproduced below.

PILs Adjustment Worksheet

	2006		2008
From 2006 PIL's Model			
2006 Regulatory Taxable Income <i>(K-Factor Cell H93)</i>	776,802	A	776,802
2006 Corporate Income Tax Rate <i>(K-Factor Cell E85)</i>	29.88%	B	27.26%
Corporate PILs/Income Tax Provision for Test Year	232,108	C = A * B	211,785
Income Tax (grossed-up)	331,016	D = C / (1 - B)	291,167
From 2006 EDR Model			
2006 EDR Base Revenue Requirement From Distribution Rates <i>(K-Factor Cell E106)</i>	3,487,553	E	3,487,553
Grossed up taxes as a % of Revenue Requirement	9.500%	F = D / E	8.300%

- a. Board Staff has been unable to verify the “2006 EDR Base Revenue Requirement From Distribution Rates” figure in the 2006 column. Please provide evidence supporting this amount.

E.L.K. Energy Response: 2006 EDR Base Revenue Requirement From Distribution Rates figure in the 2006 column consists of:

- a) *Base Revenue Requirement (Board Approved 2006 EDR model, Sheet5-5, Cell F27)*
 \$3,465,520 plus

b) *Transformer Allowance Credit (Board Approved 2006 EDR model, Sheet 6-3, Cell Total in Row R120) \$22,033.*

See attached Board approved model.



Final Decision 2006
EDR EB-2005-0358 EI

2. Loss Adjusted Metered kWh

Ref: RTSR Model

A portion of Sheet B1.2 from the RTSR Model is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh Yes Update Sheet
 Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	88,729,098	0	0.0000		0
General Service Less Than 50 kW	kWh	26,797,991	0	0.0000		0
General Service 50 to 4,999 kW	kW	113,522,904	207,445	0.0000	75.01%	0
General Service 50 to 4,999 kW - Time of Use	kW	0	0	0.0000		0
Unmetered Scattered Load	kWh	0	0	0.0000		0
Sentinel Lighting	kW	174,207	0	0.0000		0
Street Lighting	kW	2,032,659	5,753	0.0000	48.43%	0
Total		231,256,859	213,198			0

- a. Please confirm that the kWh volumes in column A are not loss adjusted, i.e. losses are not included in these volumes.
- b. Board Staff notes that the applicable loss factors used for the various rate classes captured in column C do not align with the corresponding loss factors in the current tariff sheet, i.e. Tariff of Rates and Charges, effective May 1, 2010. If this is an error, Board staff will make the relevant corrections.

E.L.K. Energy Response:

- a) *The kWh volumes in column A are loss adjusted, i.e. losses are included in these volumes.*
- b) *The applicable loss factors for the various rate classes need to be corrected to reflect the loss factors as approved in the Tariff of Rates and Charges effective May 1, 2010.*

3. Recovery of RTSR Network Charge

Ref: RTSR Model

Ref: Deferral/Variance Model

A portion of Sheet D1.1 from the RTSR Model is reproduced below.

Rate Class	Vol	Current RTSR - Network (B) Column H Sheet D1.1	Loss Adjusted Billed (B) Column O Sheet D1.2	Billed kW (C) Column I Sheet D1.2	Billed Amount (D) - (A) * (B) or (A) * (C)	Billed Amount % (F) - (D) / (D)	Current Wholesale Billing (H) - (G) * (F)
Residential	kWh	\$ 0.0061	0	0	\$ -	0.00%	\$ -
General Service Less Than 50 kW	kWh	\$ 0.0055	0	0	\$ -	0.00%	\$ -
General Service 50 to 4,999 kW	kWh	\$ 2.2853	0	207,445	\$ 474,074	97.95%	\$ 1,075,747
General Service 50 to 4,999 kW - Time of Use	kWh	\$ 2.4242	0	0	\$ -	0.00%	\$ -
Unmetered Scattered Load	kWh	\$ 0.0055	0	0	\$ -	0.00%	\$ -
Sentinel Lighting	kWh	\$ 1.7324	0	0	\$ -	0.00%	\$ -
Street Lighting	kWh	\$ 1.7236	0	5,753	\$ 9,916	2.05%	\$ 22,501
				213,198	\$ 483,990	100.00%	\$ 1,098,248
					(G)		(G) Cell G73 Sheet C1.2

A portion of Sheet D1.6 from the Deferral/Variance Account Model is reproduced below.

Account Description	Account Number	Total Claim
		J = C + I
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	219,808
RSVA - Retail Transmission Network Charge	1584	(684,036)
RSVA - Retail Transmission Connection Charge	1586	398,684
RSVA - Power (Excluding Global Adjustment)	1588	79,255
RSVA - Power (Global Adjustment Sub-account)		1,806,937
Recovery of Regulatory Asset Balances	1590	(272,144)
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	0
	Total	1,548,504

- a. In the former, column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the latter, Account 1584 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy.

E.L.K. Energy Response: Information on Sheet D1.1 from the RTSR Model does not properly flow from a previous worksheet. Once changes are made as per Question #2 above, information should be properly reflected.

The following balances were included in the final audited financial statements for the year ending December 31, 2009 and should be reflected on Sheet D1.1 of the RTSR Model:

<i>Account number</i>	<i>Final Audited Balance as per Financial Statements</i>
1550	\$ Nil
1580	(\$647,606.10)
1584	(\$150,843.68)
1586	(\$669,085.44)
1588 – excluding Global Adjustment	(\$57,185.30)
1588 – Global Adjustment	\$2,159,411.84
1590	\$614,401.43
1595	\$ Nil

4. Metered kWh and Metered kW

Ref: Deferral/Variance Model

Ref: RTSR Model

A portion of Sheet B1.3 from the Deferral/Variance Model is reproduced below.

2009 Audited RRR				
Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW
Residential	Customer	kWh	88,729,098	
General Service Less Than 50 kW	Customer	kWh	26,512,741	
General Service 50 to 4,999 kW	Customer	kW	46,655,158	147,158
General Service 50 to 4,999 kW - Time of Use	Customer	kW	66,867,746	60,287
Unmetered Scattered Load	Connection	kWh	285,250	
Sentinel Lighting	Connection	kW	174,207	
Street Lighting	Connection	kW	2,032,659	5,754

A portion of Sheet B1.2 from the RTSR Model is reproduced below.

Rate Class	Vol Metric	Metered kWh	Metered kW
		A	B
Residential	kWh	88,729,098	0
General Service Less Than 50 kW	kWh	26,797,991	0
General Service 50 to 4,999 kW	kW	113,522,904	207,445
General Service 50 to 4,999 kW - Time of Use	kW	0	0
Unmetered Scattered Load	kWh	0	0
Sentinel Lighting	kW	174,207	0
Street Lighting	kW	2,032,659	5,753

- a. Board Staff notes that the Metered kWh in the latter match the data provided in the RRR filing, however the Metered kWh for rate classes GS<50 kW and Unmetered Scattered Load in the former do match the data provided in the RRR filing. Please reconcile these discrepancies.

E.L.K. Energy Response: The unmetered scattered load is included in the GS < 50 kW rate class, the balances (which total 26,797,991 kwh) are broken down as follows:

GS < 50 kW 26,512,741 kwh

Unmetered scattered load 285,250 kwh

5. Deferral Variance – Continuity Schedule 2009

Ref: Deferral/Variance Model

A portion of Sheet D1.5 from the Deferral/Variance Model is reproduced below.

Account Description	Account Number	RRR Filing Amount as of Dec-31-09
		C
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	0
RSVA - Retail Transmission Network Charge	1584	0
RSVA - Retail Transmission Connection Charge	1586	0
RSVA - Power (Excluding Global Adjustment)	1588	0
RSVA - Power (Global Adjustment Sub-account)	1588	0
Recovery of Regulatory Asset Balances	1590	0
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	0
	Total	0

- a. Board Staff notes that no input was entered in column C (RRR Filing Amount as of Dec-31-09) for the Group 1 accounts. Please provide the information that should have been entered. Board staff will make the appropriate correction.

E.L.K. Energy Response: The following balances were included in the final audited financial statements for the year ending December 31, 2009:

Account number	Final Audited Balance as per Financial Statements
1550	\$ Nil
1580	(\$647,606.10)
1584	(\$150,843.68)
1586	(\$669,085.44)
1588 – excluding Global Adjustment	(\$57,185.30)
1588 – Global Adjustment	\$2,159,411.84
1590	\$614,401.43
1595	\$ Nil

Board Staff Supplementary Interrogatories

1. Tax Model

- a. Board staff notes that a Tax Model is not included in the application. Please file a Tax Model.

E.L.K. Energy Response: After reviewing the instructions provided by the OEB website under the 2011 Electricity Distribution Rate Applications there is no tax model specific to IRM2 filings. The only tax model (Shared Tax Savings Workform) is specific to IRM3.