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BY E-MAIL

December 14, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: E.L.K Energy Inc.
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0126**

In accordance with the Notice of Application and Written Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to E.L.K Energy Inc. and to all other registered parties to this proceeding.

In addition please advise E.L.K Energy Inc. that responses to interrogatories are due by January 6, 2011.

Yours truly,

Original Signed By

Suresh Advani

Encl.

E.L.K. Energy Inc.
2011 Electricity Distribution Rates
EB-2010-0126
Board Staff Interrogatories

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.

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 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 |

- Please confirm that the kWh volumes in column A are not loss adjusted, i.e. losses are not included in these volumes.
- 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.

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 (A) Column H Sheet B1.1 | Loss Adjusted Billed (B) Column O Sheet B1.2 | Billed kW (C) Column I Sheet B1.2 | Billed Amount (D) - (A) * (B) or (A) * (C) | Billed Amount % (F) - (D) / (E) | 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 | kW | \$ 2.2853 | 0 | 207,445 | \$ 474,074 | 97.95% | \$ 1,075,747 |
| General Service 50 to 4,999 kW - Time of Use | kW | \$ 2.4242 | 0 | 0 | \$ - | 0.00% | \$ - |
| Unmetered Scattered Load | kWh | \$ 0.0055 | 0 | 0 | \$ - | 0.00% | \$ - |
| Sentinel Lighting | kW | \$ 1.7324 | 0 | 0 | \$ - | 0.00% | \$ - |
| Street Lighting | kW | \$ 1.7236 | 0 | 5,753 | \$ 9,916 | 2.05% | \$ 22,501 |
| | | | - | 213,198 | \$ 483,990 | 100.00% | \$ 1,098,248 |
| | | | | | (e) | | (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.

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.

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.