



February 17, 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 Submission
Board File No. EB-2010-0126**

As requested on January 20, 2011, we submit our responses to Board Staff Submission.

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

Mark Danelon
172 Forest Ave
Essex ON N8M 3E4
Phone: 519-776-5291 x204
Fax: 519-776-5640
E-mail: mdanelon@elkenenergy.com

Regards,

A handwritten signature in cursive script that reads "MDanelon".

Mark Danelon, CA
Manager, Finance & Regulatory Affairs

1. Review and Disposition of Deferral and Variance Account Balances

E.L.K. Energy Response: E.L.K. Energy Inc. has no further comment

2. Global Adjustment Sub-Account Disposition: Separate Rate Rider

E.L.K. Energy Response: E.L.K. Energy Inc. has no further comment

3. Smart Meter Funding Adder

E.L.K. Energy Response: E.L.K. Energy Inc. has no further comment.

4. PILs Adjustment Calculation

Board staff notes that E.L.K.'s rationale for including the Transformer Allowance Credit in the Base Revenue Requirement from Distribution Rates is unclear, and invites E.L.K. to provide the rationale for doing so in its reply submission

E.L.K. Energy Response: E.L.K. Energy Inc. has included the transformer allowance credit as part of the base revenue requirement as these amounts are refunded back to the customer and are therefore a true cost to E.L.K. Energy's distribution business cost.