



January 9, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: E.L.K. Energy Inc.
2012 Electricity Distribution Rates Application
Board File No. EB-2011-0099

Dear Ms. Walli:

In accordance with Procedural Order #2 dated December 17, 2012, attached please find AMPCO's interrogatories in the above proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

(ORIGINAL SIGNED)

Adam White
President
Association of Major Power Consumers in Ontario

Copy to: E.L.K. Energy Inc.
Mr. Mark Danelon

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EXHIBIT 1 - ADMINISTRATIVE

Interrogatory # 1

Reference: Exhibit 1, Tab 1, Schedule 13, Page 1

Preamble: E.L.K. provided a Corporate Organization Chart.

- a) Please confirm the date of this Corporate Organization Chart and provide an updated chart if the vacancy information is no longer accurate.
- b) Please confirm the total number of positions in the Finance & Regulatory Affairs section and confirm the number of management, non-union and union staff and differentiate between full-time and part-time.
- c) Please confirm the number of direct reports to the Manager, Finance & Regulatory Affairs.
- d) Please confirm the number of direct reports to the Supervisor, Finance & Customer Service.
- e) Please discuss if E.L.K. has an existing policy in place regarding the number of direct reports required to validate the existence or creation of a management position.

Interrogatory # 2

Reference: Exhibit 1, Tab 2, Schedule 1, Page 5, Table 1.2

Preamble: Table 1.2 compares E.L.K.'s cost per customer with utilities in its cohort.

- a) Please confirm the latest stretch factor assigned to E.L.K.

EXHIBIT 2 - RATE BASE

Interrogatory # 3

Reference: Exhibit 2, Tab 1, Schedule 1, Page 2, Table 2-2

- a) Please explain the increases in the amounts in 2012 over 2011 related to Community Relations and Administration & General.

Interrogatory #4

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Reference: Exhibit 2, Tab 1, Schedule 1, Page 6

Preamble: E.L.K. indicates it does not capitalize, through internal cost allocations, any indirect administrative support costs such as Finance or Facilities.

- a) Please discuss further E.L.K.'s internal cost allocation process.

Interrogatory #5

Reference: Exhibit 2, Tab 1, Schedule 1, Page 6

Preamble: E.L.K. is supplied power from five transformer stations owned and operated by Hydro One Networks Inc.

- a) Please confirm if E.L.K. owns and operates any transformer stations.

Interrogatory #6

Reference: Exhibit 2, Tab 1, Schedule 3

- a) Please provide E.L.K.'s Board Approved capital budget from 2006 to 2011.

Interrogatory #7

Reference: Exhibit 2, Tab 1, Schedule 2, Pages 1-3

Preamble: E.L.K. provides service quality and reliability indices.

- a) Please discuss if E.L.K. tracks momentary outages.
- i. If not, why not?
 - ii. If yes, please discuss E.L.K.'s approach in this regard and provide the frequency data for 2005 to 2011.
- b) Please provide the breakdown of defective equipment by cause.
- c) Please provide the contribution of each cause to SAIFI and SAIDI.
- d) Please discuss how E.L.K.'s proposed 2012 capital budget directly responds to E.L.K.'s reliability performance results.

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Interrogatory #8

Reference: Exhibit 2, Tab 1, Schedule 3, Page 2, Table 2-7B

- a) Please explain the work in 2012 under account #1908 (buildings and fixtures) and explain the increase in 2012 compared to 2011.
- b) Please explain the work in 2012 under account #1925 (computer software) and explain the increase in 2012 compared to 2011.
- c) Please explain the work in 2012 under account #1940 (Tools, Shop & Garage Equipment) and explain the increase in 2012 compared to 2011.

Interrogatory #9

Reference: Exhibit 2, Tab 1, Schedule 4, Page 1

Preamble: The evidence indicates E.L.K. has not undertaken a Working Capital lead-lag study and as such has calculated its working capital allowance using the 15% Allowance Approach in accordance with the Filing Requirements. E.L.K. submits that its working capital calculations are not only consistent with the Filing Requirements but are also consistent with OEB Decisions in distributors' cost of service applications approved in 2009, 2010 and 2011, where a utility specific lead-lag study had not been undertaken.

- a) Please explain why E.L.K. has not completed a lead lag study and discuss any plans E.L.K. has to complete a study.
- b) Please discuss if E.L.K. is aware of any recent OEB decisions where the working capital allowance calculation is based on 13% cost of power and controllable expenses.
- c) Please provide the working capital allowance calculation based on 13%.

EXHIBIT 3 - OPERATING REVENUE

Interrogatory #10

Reference: Exhibit 3, Tab 3, Schedule 3, Page 4

Preamble: The evidence states "Other income and deductions for 2012 were 19.9% or \$102,084 lower than the amounts in 2011 due to net revenue from non-utility operations decreasing primarily from a decreased amount of Program Administration Budget (PAB) Funding from the

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OPA for the 2011-2014 CDM programs. As well, the special purpose charge recovery revenue ceased in May 2011 resulting in a decrease of approximately \$40,000.

- a) Please provide the OPA PAB funding in 2011 compared to 2012.

EXHIBIT 4 - OPERATING COSTS

Interrogatory #11

Reference: Exhibit 4, Tab 1, Schedule 1, Page 2, Table 4.1

Please reproduce Table 4.1 showing the Board Approved amounts for 2006 to 2011.

Interrogatory #12

Reference: Exhibit 4, Tab 2, Schedule 1, Page 4

Preamble: The evidence states "Costs are allocated to all departments, and capital based on direct labour. An overhead rate is set at the beginning of each year and reviewed and adjusted annually if applicable."

- a) Please provide the current overhead rate.
b) Please confirm when the rate was last set.
c) Please advise of any plans to review and adjust the rate.

Interrogatory #13

Reference: Exhibit 4, Tab 2, Schedule 1, Page 4

Preamble: The evidence States "Therefore, physical meter reading is now performed primarily only for General Service > 50 kW customers of E.L.K., those not on Time-of-Use pricing.

- a) Please identify any meter reading savings and discuss how any savings are accounted for in this application.

Interrogatory #14

Reference: Exhibit 4, Tab 2, Schedule 1, Page 6

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Preamble: The evidence States “E.L.K. continues to participate with the OPA in administering programs directed at Energy Conservation, currently through a third-party provider.

- a) Please identify the Third Party Provider and confirm when the Third Party Provider was retained.
- b) Please discuss the rationale for retaining the Third Party Provider.
- c) Please provide a breakdown of the costs in year one and subsequent years for this service.

Interrogatory #15

Reference: Exhibit 4, Tab 2, Schedule 1, Page 8

- a) Please provide a breakdown of the proposed activities and amounts in Account #5630 (Outside Service Employed) for 2012.
- b) Please provide a breakdown of the actual activities and amounts in Account #5655 (Regulatory Expenses) for 2006 to 2011 and forecast for 2012.

Interrogatory # 16

Reference: Exhibit 4, Tab 2, Schedule 3

- a) Page 3 - Please provide the costs and benefits of using a third party collection agency.
- b) Page 5 – Please discuss E.L.K.’s tree trimming strategy and schedule.

Interrogatory #17

Reference: Exhibit 4, Tab 2, Schedule 6, Pages 1 to 5

- a) Please confirm when E.L.K.’s pay equity plan was completed.
- b) Please provide an explanation of the Mearie Management Survey and provide a copy.
- c) Please provide a schedule that shows the proposed and actual retirements by position from 2006 to 2012.
- d) Please provide an explanation of a Board Service Credit.

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- e) Please provide an explanation of the OMERS Type 7 plan.
- f) Please confirm the current status of post-retirement benefit arrangements related to the predecessor utilities.
- g) Please provide the rationale for establishing a new Manager of Finance & Regulatory Affairs contract position in 2009.
- h) Please provide the rationale for making the Manager of Finance & Regulatory Affairs position permanent in 2010. Please confirm the party that approved the permanent position.
- i) The evidence on Page 4 (Exhibit 4, Tab 2, Schedule 6) shows that the title of the Director of Finance is changed to Director of Finance & Regulatory Affairs in 2011. Please discuss the rationale for this change, the transition to the new position and the impact on duties, responsibilities and pay structure for the position.
- j) Please explain the differences in duties and responsibilities between the Director of Finance & Regulatory Affairs position and the Manager of Finance & Regulatory Affairs position.
- k) Please provide a breakdown of the approved salary range and benefits for each position.
- l) Please provide the current salary and benefits for each position included in the 2012 budget.
- m) On Page 5, the evidence indicates the increase in 2012 is attributable in part to the replacement of the Director of Finance who left the company in 2011. Please confirm the date the position was filled and the current title of the position. Please confirm the Director of Finance & the Director of Finance & Regulatory Affairs is equivalent.
- n) The evidence indicates the new financial analyst position in 2012 is assisting in the IFRS conversion. Please discuss the work undertaken to date the dollar value of that work.
- o) Please discuss further the increased work loads in 2012 related to Green Energy Initiatives and the MDM/R process.
- p) Please confirm the new financial analyst position is a new permanent management position.

Interrogatory #18

Reference: Exhibit 4, Tab 2, Schedule 6, Page 5

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Preamble: E.L.K. states it is currently working on internal analysis and review of the company structure.

- a) Please discuss the rationale for the internal analysis, when work on the analysis began and when the work is expected to be completed.
- b) Please provide terms of reference or equivalent for this work.
- c) Please discuss the expected outcomes of the internal analysis.

EXHIBIT 7 – COST ALLOCATION

Interrogatory #19

Reference: Exhibit 7, Tab1, Schedule 1, Page 1

Preamble: The evidence indicates E.L.K. has developed weighting factors based on discussions with staff experienced in the subject area.

- a) Please confirm the experience of the staff in the subject area.

Interrogatory #20

Reference: Exhibit 7, Tab1, Schedule 2, Page 3, Table 7-7

Preamble: Table 7-7 shows 2012 revenue-to-cost ratios from the 2012 Cost Allocation Study as well as proposed revenue-to-cost ratios for 2012, 2013 and 2014.

- a) Please discuss why E.L.K. does not propose phased movement towards unity in the years 2013 and 2014.
- b) Please reproduce Table 7-8 based on revenue-to-cost ratios equal to unity in 2012 for each class and provide the bill impacts by class.
- c) Please confirm that Table 7-7 shows that the GS 50 to 4,999 kW customer class as well as the residential class is overcontributing and subsidizing the other customer classes.
- d) Please discuss whether the data used in the 2012 cost allocation study is better data and an improvement over the data used in the 2006 cost allocation study.