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February 20, 2013

DELIVERED BY RESS & COURIER

Ms. Kristen Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: E.L.K. Energy Inc. Responses to Technical Conference Undertakings and Questions – EB-2011-0099

Pursuant to Procedural Order No. 3, please find enclosed the written responses of E.L.K. Energy Inc. to the undertakings and outstanding pre-filed technical conference questions arising in connection with the February 13, 2013 technical conference.

Sincerely,

BORDEN LADNER GERVAIS LLP

Original Signed by John A.D. Vellone

John A.D. Vellone

CC: James Sidlofsky, Counsel to E.L.K. Energy Inc.
Mark Danelon, Manager of Finance & Regulatory Affairs, E.L.K. Energy Inc.
Intervenors of Record

EB-2011-0099

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by E.L.K. Energy Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective October 1, 2012.

E.L.K. ENERGY INC.
RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS & QUESTIONS

DELIVERED FEBRUARY 20, 2013

Undertaking No. JT1.1: To determine whether the line of PP & E per customer goes up from 2011 to 2012 because of smart meters.

Response: The property plant and equipment number of $7,937 in 2012 is an average of 2010 and 2011 numbers as 2012 actual numbers have not yet been finalized. This resulted in a small increase of the PP & E per customer in 2012. It therefore does not necessarily relate to smart meters as an average number was used for the property plant and equipment.

Undertaking No. JT1.2: To discover what happened to the $891,000 written off in 2010 for stranded meters. Whether it is being collected from rate payers and, if so how.

Response: The balance in the stranded meter account at December 31, 2010 was $306,296.22 and at the end of 2011 was $299,445.26. It is currently not being collected from ratepayers. This is a net book value amount and includes the gross value of $891,000 written off in 2010 for stranded meters. The net book value of $299,445 is the amount E.L.K. is seeking recovery for in this application.

Undertaking No. JT1.3: To provide the offer price of the property currently up for sale.

Response: The asking price of the property currently up for sale is $310,000. E.L.K. has yet to entertain any serious offers on the property. This property will not be re-built in any other location and there were no additions, expenses to the main Essex property to accommodate the closure of the property currently up for sale.

Undertaking No. JT1.4 To provide updated rate base continuity for the test year.

Response: Please see response to Board Staff TCQ#1.

Undertaking No. JT1.5: To provide the requested spreadsheet with redactions

Response: Please see spreadsheet labeled Undertaking No JT1.5. This spreadsheet represents the approximate total cost of generating one bill with a 20% mark-up.

Undertaking No. JT1.6 : Total amount paid in 2012 in commission to Collection Agency

Response: The total amount paid in 2012 in commissions to the Collection Agency is $2,604.

Undertaking No. JT1.7 : To provide marginal cost component, and basis for using marginal costs rather than fully allocated costs for the Town of Essex as per Enwin Interrogatory No 17(b)

Response: To clarify, the cost represents a proportional component of the fully allocated cost with a 20% mark-up. E.L.K. originally interpreted the 20% as a marginal amount.

Undertaking No. JT1.8 To provide an explanation for Table 7-8

Response: Table 7-8 provided in the response to AMPCO Interrogatory #20 b) has been updated to show a calculation in the column titled "Starting Point Revenue to Cost Ratio as per Table 7-7 in the Application". These values reconcile with the column titled "2012 Updated Cost Allocation Study" in Table 7-7 of the Application.

Table 7-8 Calculated Class Revenue - (Consistent with Appendix 2-O: Calculated Class Revenue)

Class	2012 Base Revenue at Existing Rates (A)	2012 Proposed Base Revenue Allocated at Existing Rates Proportion (B)	2012 Proposed Base Revenue @ 100% Revenue to Cost Ratio (C)	Miscellaneous Revenue (D)	Starting Point Revenue to Cost Ratio as per Table 7-7 in the Application (E) = ((B) + (D)) /((C) + (D))
Residential	$2,074,165	$2,536,483	$2,466,245	$468,428	102.4%
General Service < 50 kW	$215,076	$263,014	$582,880	$87,716	52.3%
General Service 50 to 4,999 kW	$811,082	$991,866	$470,060	$82,837	194.4%
Street Lighting	$856	$1,047	$174,836	$20,225	10.9%
Sentinel Lighting	$42	$51	$535	$72	20.4%
Unmetered Scattered Load	$2,449	$2,994	$4,171	$636	75.5%
Embedded Distributor - Hydro One	$52,472	$64,168	$160,897	$20,141	46.6%
Total	$3,156,142	$3,859,625	$3,859,625	$680,055	

Undertaking No. JT1.9: To provide response to Energy Probe No 43.

<u>Question:</u> Please provide a revised CCA schedule for 2012 that reflects the corrections related to transportation equipment in Energy probe #27 brought forward to 2012, along with the correction to computer equipment in Energy Probe #28

<u>Response:</u> Please see updated CCA Continuity schedules below also including adjustments for the removal of the web presentment $18,000 which did not occur in 2012, $12,500 for Tools, Shop and garage estimated to have not been spent in 2012, the removal of Jakana Ph 3 which was not built and in service in 2012, approximately 25% of the viscount estates project and the removal of the 2 Ton Underground service truck which was not purchased in 2012.

CCA Continuity Schedule (2011)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	6,982,448	0	0	6,982,448	0	0	6,982,448	0	6,982,448	4%	279,298	6,703,150
2	Distribution System - pre 1988		0	0	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)		0	0	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	362,516	0	0	362,516	1,065,199	0	1,427,715	532,600	895,116	20%	179,023	1,248,692
10	Computer Hardware/ Vehicles	69,874	0	0	69,874	14,618	500	83,992	7,059	76,933	30%	23,080	60,912
10.1	Certain Automobiles		0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software		0	0	0	0	0	0	0	0	100%	0	0
3			0	0	0	0	0	0	0	0	5%	0	0
			0	0	0	0	0	0	0	0		0	0
13 3	Lease # 3		0	0	0	0	0	0	0	0		0	0
13 4	Lease # 4		0	0	0	0	0	0	0	0		0	0
14	Franchise		0	0	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs		0	0	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment		0	0	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	1,589	0	0	1,589	0	0	1,589	0	1,589	45%	715	874
50	Computers & Systems Hardware acq'd post Mar 19/07	5,995	0	0	5,995	2,992	0	8,987	1,496	7,491	55%	4,120	4,867
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)		0	0	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	3,237,007			3,237,007	462,158	0	3,699,165	231,079	3,468,086	8%	277,447	3,421,718
	SUB-TOTAL - UCC	**10,659,429**	**0**	**0**	**10,659,429**	**1,544,967**	**500**	**12,203,896**	**772,234**	**11,431,663**		**763,683**	**11,440,213**
						-1,064,636	0						
CEC	Goodwill		0	0	0								
CEC	Land Rights		0	0	0								
CEC	FMV Bump-up		0	0	0								
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**								

CCA Continuity Schedule (2012)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System -	6,703,150	0	0	6,703,150	0	0	6,703,150	0	6,703,150	4%	268,126	6,435,024
2	Distribution System - pre	0	0	0	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings	0	0	0	0	0	0	0	0	0	10%	0	0
8	General Office/Stores	1,248,692	0	0	1,248,692	15,000	0	1,263,692	7,500	1,256,192	20%	251,238	1,012,454
10	Computer Hardware/	60,912	0	0	60,912	0	0	60,912	0	60,912	30%	18,274	42,638
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	1,000	0	1,000	500	500	100%	500	500
3		0	0	0	0	0	0	0	0	0	5%	0	0
		0	0	0	0	0	0	0	0	0	0%	0	0
13 3	Lease # 3	0	0	0	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	874	0	0	874	0	0	874	0	874	45%	393	481
50	Computers & Systems Hardware acq'd post Mar 19/07	4,867	0	0	4,867	5,000	0	9,867	2,500	7,367	55%	4,052	5,815
46	Data Network Infrastructure Equipment	0	0	0	0	0	0	0	0	0	30%	0	0
47	Distribution System - post	3,421,718			3,421,718	572,500	0	3,994,218	286,250	3,707,968	8%	296,637	3,697,581
	SUB-TOTAL - UCC	**11,440,213**	**0**	**0**	**11,440,213**	**593,500**	**0**	**12,033,713**	**296,750**	**11,736,963**		**839,221**	**11,194,493**
						0	0						
CEC	Goodwill	0	0	0	0								
CEC	Land Rights	0	0	0	0								
CEC	FMV Bump-up	0	0	0	0								
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**								

Undertaking No. JT1.10: To provide responses to VECC Questions 47c, 48a, 48b and 49a

Questions:

VECC 47c: In what year (month) did E.L.K. complete installation of all residential smart meters?

Response: Substantial completion of installation of all residential smart meters was December 31, 2010.

VECC 48a: Based on the revised load forecast set out in Board Staff #11, please update the inputs to the cost allocation model (e.g. I6.1, I6.2 and I8) and provide a revised cost allocation.

Response: The cost allocation model has been updated to reflect the revised load forecast along with the changes to the revenue requirement outlined in the response to Board Staff TCQ#1. A live Excel version has been filed as part of the undertakings under file name titled “ELK 2012 CA_Model_V2_Feb 19, 2013” .

VECC 48b: Based on this revised cost allocation (i.e. starting point), please revise/update Table 7-7 as required.

Response: A revised Table 7-7 has been provided below to reflect the revised cost allocation model referenced in part a)

Table 7-7 Revenue to Cost Ratios - (Consistent with Appendix 2-O: Revenue to Cost Ratios) - Revised Feb 19, 2013							
Class	Original Cost Allocation Informational Filing	2012 Updated Cost Allocation Study	2012 Proposed Ratios	2013 Proposed Ratios	2014 Proposed Ratios	Board Targets Min to Max	
Residential	111.4%	100.8%	100.8%	100.8%	100.8%	85.0%	115.0%
General Service < 50 kW	28.7%	51.3%	85.3%	85.3%	85.3%	80.0%	120.0%
General Service 50 to 4,999 kW	169.6%	210.1%	120.0%	120.0%	120.0%	80.0%	120.0%
Street Lighting	12.8%	11.0%	85.3%	85.3%	85.3%	70.0%	120.0%
Sentinel Lighting	43.1%	20.8%	85.3%	85.3%	85.3%	80.0%	120.0%
Unmetered Scattered Load	896.5%	74.3%	85.3%	85.3%	85.3%	80.0%	120.0%
Embedded Distributor - Hydro One		45.9%	100.0%	100.0%	100.0%	85.0%	115.0%

VECC 49a: Based on the revised load forecast set out in Board Staff #11, please update Tables 8-3 to 8-6 and Table 8-8.

Response: Revised Tables 8-3 to 8-6 and 8-8 are provided below to reflect the revised load forecast along with the changes to the revenue requirement outlined in the response to Board Staff TCQ#1 and revised cost allocation model referenced in VECC 48 a)

Table 8-3 Current Fixed Variable Split - Revised Feb 19, 2013					
Rate Classification	2012 Fixed Base Revenue with 2011 Approved Rates	2012 Variable Base Revenue with 2011 Approved Rates	2012 Total Base Revenue with 2011 Approved Rates	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	$1,338,729	$758,238	$2,096,966	63.8%	36.2%
General Service < 50 kW	$161,186	$55,411	$216,597	74.4%	25.6%
General Service 50 to 4,999 kW	$494,971	$362,757	$857,729	57.7%	42.3%
Street Lighting	$336	$592	$929	36.2%	63.8%
Sentinel Lighting	$34	$11	$45	74.8%	25.2%
Unmetered Scattered Load	$2,129	$321	$2,451	86.9%	13.1%
Embedded Distributor - Hydro One	$40,438	$12,035	$52,472	77.1%	22.9%
Total	**$2,037,823**	**$1,189,366**	**$3,227,189**	**63.1%**	**36.9%**

Table 8-6 Proposed Distribution Volumetric Charge- Revised Feb 19, 2013						
Rate Classification	Total Base Revenue Requirement	Fixed Revenue	Variable Revenue	Annualized kWh or kW as required	Unit of Measure	Proposed Volumetric Distribution Charge before Transformer Allowance
Residential	$2,499,476	$1,595,696	$903,780	95,979,438	kWh	$0.0094
General Service < 50 kW	$487,923	$363,099	$124,824	32,594,962	kWh	$0.0038
General Service 50 to 4,999 kW	$549,688	$317,210	$232,478	214,067	kW	$1.0860
Street Lighting	$145,626	$52,714	$92,912	6,083	kW	$15.2743
Sentinel Lighting	$444	$332	$112	15	kW	$7.4198
Unmetered Scattered Load	$3,450	$2,998	$452	188,991	kWh	$0.0024
Embedded Distributor - Hydro One	$160,037	$123,332	$36,705	96,049	kW	$0.3822
Total	**$3,846,644**	**$2,455,380**	**$1,391,264**			

Table 8-8 Low Voltage Costs Allocated by Customer Class - Revised Feb 19, 2013					
Customer Class	Retail Transmission Connection Rate		Basis for Allocation ($)	Allocation Percentages	Allocated $
	per KWh	per kW			
Residential	0.0046		440,902	43.85%	126,037
General Service < 50 kW	0.0042		136,423	13.57%	38,998
General Service 50 to 4,999 kW		1.6581	260,197	25.88%	74,380
Street Lighting		1.2827	7,802	0.78%	2,230
Sentinel Lighting		1.3096	20	0.00%	6
Unmetered Scattered Load	0.0042		791	0.08%	226
Embedded Distributor - Hydro One		1.6581	159,261	15.84%	45,527
TOTALS			**1,005,395**	**100%**	**287,404**

Undertaking No. JT1.11: To provide actual and regulated rates of return for each of the years 2006 to 2011

Response: The regulated and actual rates of return for each of the years 2006 to 2011 is provided in the table below along with the supporting calculations. Please note the table is similar in format to that used to respond to Energy Probe Interrogatory #30. In responding to this undertaking E.L.K. discovered it had used an incorrect version of Schedule 1 from the 2009 tax return that determined the tax adjustment from accounting income to taxable income in preparing the response to Energy Probe Interrogatory #30. As a result, the tax adjustment from accounting income to taxable income for 2009 has been updated. In addition, there was a small deduction not included in the 2010 adjustments that has been included in the table below.

Also, please note that the 2006 to 2009 information has not been restated to reflect the error determined by E.L.K.'s auditor in the course of preparing the 2011 financial statements. E.L.K believes this same error is also in the 2006 to 2009 statements. The auditors determined that the 2010 financial statements contained an error regarding the booking of certain cost of power and wholesale market services costs which resulted in an overstatement of earnings and revenues in 2010. The correction has been reflected in the 2010 and 2011 information.

	2006	2007	2008	2009	2010	2011
Regulatd ROE	**18.1%**	**10.0%**	**18.4%**	**12.0%**	**3.8%**	**(8.9%)**
Actual ROE	**8.8%**	**5.4%**	**8.3%**	**15.8%**	**7.9%**	**4.7%**
Regulated						
Revenue						
Distribution Revenue	$3,772,308	$3,464,830	$4,653,455	$4,383,414	$3,188,504	$2,959,341
Other Operating Revenue (Net)	$819,300	$859,053	$696,000	$759,760	$665,099	$773,929
Total Revenue	$4,591,608	$4,323,883	$5,349,455	$5,143,174	$3,853,603	$3,733,270
Costs and Expenses						
Admin & Gen, Billing & Collecting	$1,314,142	$1,349,088	$1,564,448	$1,683,194	$1,535,059	$1,634,946
Operation & Maintenance	$475,433	$612,280	$620,405	$805,899	$546,850	$771,900
Depreciation & Amortization	$642,658	$733,954	$813,512	$852,414	$824,357	$839,799
Deemed Interest	$370,669	$400,929	$441,061	$460,782	$505,986	$492,239
Total Costs and Expenses	$2,802,902	$3,096,251	$3,439,426	$3,802,289	$3,412,252	$3,738,884
Utility Income Before Income Taxes	$1,788,706	$1,227,631	$1,910,029	$1,340,885	$441,351	($5,615)
Income Tax Expense Calculation:						
Accounting Income	$1,788,706	$1,227,631	$1,910,029	$1,340,885	$441,351	($5,615)
Tax Adjustments to Accounting Income. based on Sch 1 from Tax Return.	$595,593	$641,567	$867,665	$961,278	$411,280	$1,415,538
Taxable Income	$2,384,299	$1,869,198	$2,777,694	$2,302,163	$852,631	$1,409,923
Tax Rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%
Income Tax Expense	$861,209	$675,154	$930,527	$759,714	$264,316	$398,303
Net Income	$927,497	$552,477	$979,501	$581,171	$177,035	($403,918)
Target Net Income at Regulated ROE	$460,141	$497,706	$479,725	$436,823	$418,747	$407,371
Sufficiency/(Deficiency)	$467,356	$54,771	$499,776	$144,348	($241,712)	($811,288)
Regulatd ROE	18.1%	10.0%	18.4%	12.0%	3.8%	(8.9%)
Target ROE	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Difference	9.1%	1.0%	9.4%	3.0%	(5.2%)	(17.9%)
Rate Base	$10,225,347	$11,060,124	$11,413,880	$11,209,204	$11,631,868	$11,315,847
Long Term Debt %	50.00%	50.00%	53.30%	56.70%	60.00%	60.00%
Equity %	50.00%	50.00%	46.70%	43.30%	40.00%	40.00%
Long Term Debt Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Equity Return	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Actual						
Shareholder's equity	$13,302,434	$13,737,763	$14,816,158	$6,207,657	$6,743,738	$6,794,779
Net Earnings	$1,171,796	$743,078	$1,231,525	$983,399	$536,081	$316,841
Actual ROE	8.8%	5.4%	8.3%	15.8%	7.9%	4.7%
Liabilities and Shareholder's Equity	$21,843,984	$22,261,911	$23,868,130	$20,884,690	$22,116,379	$20,541,978
Equity Thickness	60.9%	61.7%	62.1%	29.7%	30.5%	33.1%

Undertaking No. JT1.12: To respond to all of Board Staff's pre-filed questions

Response: Please see below.

1. Board staff # 2: E1-T2-S1

E.L.K. indicates that it has budgeted but will not spend $7.5k in 2012 for IFRS transition costs. There are other interrogatory responses, e.g. Exhibit 2-AMPCO #8 and Energy Probe #9, where E.L.K. indicates that the current forecast in 2012 for the item in question will differ from the budgeted amount.

a. Is E.L.K. tracking all of these changes? Will E.L.K. be updating its Revenue Requirement/Revenue Deficiency calculations accordingly? If so, when?

Response: E.L.K. is tracking all the changes and has filed a revised RRWF in response to this question which includes a revised rate base and revenue requirement along with bill impact information. The revised RRWF includes the following changes.

2012 Rate Base

- Reduced computer software capital additions by $18,000 to exclude web presentment software as per response to AMPCO 8 b)
- Reduced tools, shop and garage equipment capital additions by $12,500 as per response to AMPCO 8 c)
- Reduced underground conduit, underground conductors and devices, line transformers, services and meters capital additions by $88,000 to reflect the Jakana Phase 3 project and 25% of the Viscount Estates project not being in service by the end of 2012. These projects were referenced in response to Energy Probe 9 e) and f)
- Reduced transportation capital additions by 89,250 as per response to Energy Probe 9 g)
- Reduced capital contribution associated with Jakana Phase 3 project by $55,000.

2012 OM&A

- Reduced by $7,500 to exclude the IFRS transition costs.

2012 PILs

- Revised to reflect response to Energy Probe 43 (i.e. Undertaking No. JT1.9)

2012 Load Forecast

- As per response to Board Staff #11

Bill Impacts

- As per response to Board Staff #26 along with account 1562 being adjusted to $40,047 owing to E.L.K. as per response to Board Staff TCQ #18a

2. SEC IR #6: E1-T2-S4

In this response, E.L.K. states:

> Using the corrected net earnings value reduced E.L.K.'s 2010 return on equity significantly. Instead of approximately 16% based on the incorrect 2010 financial statements, the correct return was approximately 7.95%. The 2011 return on equity, based on net earnings of $316,841, was approximately 4.66%. This eliminated the overearnings, and was likely an ongoing issue which occurred in 2008 and 2009 as well. As such, in light of the corrections discussed above, E.L.K. respectfully submits that it is not over earning. On the contrary, when amounts are properly allocated to variance accounts, E.L.K. is earning significantly less than the Board-approved ROE. As there have been no overearnings, there is no need to restate the drivers.

a) Are the ROE calculations above stated with respect to E.L.K.'s actual equity thickness or with the deemed equity thickness of 40%?

Response: The ROE calculations above are stated with respect to E.L.K.'s actual equity thickness.

b) If the ROE calculations are based on E.L.K.'s actual equity thickness, what would be the earnings for 2008 and 2009 based on the deemed equity thickness?

Response: The earnings for 2008 and 2009 based on deemed equity thickness is 18.4% for 2008 and 12.0% for 2009.

c) If the ROE calculations are based on E.L.K.'s actual equity thickness, then is not under-earning due in part to matter's under the control of E.L.K. and its shareholder?

Response: It is assumed that this question relates to the 2010 under-earning referenced in the quotation above. The under-earning is due to the auditors determining that the 2010 financial statements contained an error regarding the booking of certain cost of power and wholesale market services costs which resulted in an overstatement of earnings and revenues in 2010.

3. Board staff#6: E2-T1-S3
   a) What was the net book value of the closed satellite service centre?

Response: The NBV of the closed satellite service centre is approximately $114,000.

b) Has it been removed from rate base? If not, why hasn't it removed it? If so, please identify the entry in the plant continuity schedules where this is reflected?

Response: No it has not been removed from Rate Base as E.L.K. still owns the closed satellite service centre and it is still used occasionally by staff. Such occasional use will be stopped if the satellite service centre is eventually sold.

4. Board staff#10: E2-T1-A2
   a) Please clarify whether E.L.K. in or prior to 2012 incurred GEA related costs? If so, where were they recorded?

Response: E.L.K. has not incurred any GEA related costs prior to 2012. E.L.K. has incurred certain GEA related costs in 2012 pursuant to its GEA Plan. E.L.K. recognized that the capital costs funded by E.L.K. was not included in the 2012 budgeted numbers. In 2012 the amount funded by E.L.K. was actually $27,900 as one project will be connected in 2013. As such, E.L.K. is proposing to put the amount into the Renewable Generation Deferral account and deal with it at a later date.

b) Is E.L.K. intending to recover the non-direct benefit portion from the IES0? If not why not. If so, what portion of the total GEA incurred costs will be viewed as non-direct benefit?

Response: E.L.K. intends to recover the non-direct benefit portion from the IESO in accordance with the Board's direction on how non-direct benefits and direct benefits are determined at the time an application for cost recovery of the GEA related costs is prepared and submitted.

5. <u>AMPCO IR #5: E2-T1-S1</u>

In the response, E.L.K. states that it has one transformer station that was decommissioned in 2012 Q3 and is being disposed of in 2013.

a) How has the transformer station been reflected in the 2012 rate base since it was no longer in service and hence no longer *used and useful* as of December 31, 2012.

<u>Response:</u> The transformer was installed in 1975 and E.L.K. believes the transformer station is fully depreciated, and as such is not reflected in the 2012 rate base.

6. <u>AMPCO IR #5: E2-T1-S2</u>

a) Does E.L.K. use, or plan to use, capabilities of smart meters and the associated A.K.I. and other infrastructure to enhance its detection of the occurrence of, and the number of customers affected by, service outages.

<u>Response:</u> Yes E.L.K. plans to use capabilities of smart meters and the associated A.K.I. and other infrastructure to enhance its detection of the occurrence of, and the number of customers affected by service outages.

b) If not, why not

<u>Response:</u> Not applicable.

7. <u>Board staff#14a: E3-T2-S3</u>

a) Please confirm that the $77,000 budgeted for Interest and Dividend Income Revenue is solely based, ie. the same as 2011 actuals and is not a derived number.

<u>Response:</u> The $77,000 budgeted amount for interest and dividend income is based on 2011 actuals.

8. Board staff#14b: E3-T2-S3
   a) What accounts for the remaining decrease of ~ $72,000 ($99,274 - $27,000 = $72,274)

Response: The amounts for the remaining decrease are OPA programs that lingered into 2011 such as ERIP and the Power Savings Blitz that were not included in 2012. As well there is a decrease from revenue from non-utility operations.

9. Energy Probe #19c: E2-T3-S3 Appendix 2-C and Board staff #19: E4-T2-S4

In the updated Appendix 2-C account 4380, expenses of non-utility operations, now shows zero dollars, for 2011 and 2012. The response to Board staff interrogatory #19: E4-T2-S4 states that the costs incurred by E.L.K. to provide services to its affiliates is recorded in OM&A accounts 5315 (Customer billing) and 5615 (Administrative Services).

a) Does the update to Appendix 2-C mean that accounts 5315 and 5615 should be updated as well?

   Response: An update to 5315 and 5616 is not required. The reason for 4380 expenses of non-utility operations now being zero is these values actually related to expenses from OPA programs. Therefore they were presented in this manner to answer Energy Probe 19c.

b) Please confirm the accounts E.L.K. uses to record the revenues it receives from its affiliates and other utilities for services provided.

Response: The accounts are 4210 Rent from Electric Property and 4375 Revenue from non-utility operations.

10. Energy Probe IR #14: E3-T2-S2
   a) Please provide further explanation on what is driving the persistent decline in demand for GS GT 50 kW class since 2006.

Response: Some further explanation on what is driving the persistent decline in demand for GS GT 50kW class since 2006 can be attributed to the downturn in the economy in the Windsor Essex County region, the closing of one of E.L.K.'s GS GT 50 customers, and the Horti Pack fire which resulted in the loss of five GS GT 50 accounts that never rebuilt.

b) Please explain the variability in demand in the street lighting class from 2009 to 2012.

Response: In preparation of this response, a manual error was detected affecting 2009 and onward that mistakenly recorded only one street light instead of fifty- nine in one of E.L.K.'s service territory's resulting in the decrease in 2009. Further, the variability in demand can be explained through expansion projects as well as replacement of bulbs with higher energy efficiency bulbs.

11. Energy Probe IR #16: E3-T2-S1 p.6

In part b) of the response, E.L.K. states:

> The coefficient on the Hydro One Uplift variable of 0.72 has been assigned by the regression analysis with an associated t-stat of 10.18 which suggest it is a variable with high statistical significance to the prediction formula. The regression analysis is suggesting that for every 100 kWh purchased by ELK for Hydro One, ELK's total purchases increase by 72 kWh?

This does not appear to answer the question, and itself ends with a question.

Please clarify the response to part b).

Response: The answer should have ended with a period instead of question mark. The coefficients for the variables in the prediction are assigned by the regression analysis and it is difficult to provide a complete explanation on why the regression analysis assigns certain coefficients to certain variable. For example, it would be difficult to fully explain why the regression analysis assigned a coefficient of 6,517 to the Heating Degree Day variable. However, E.L.K. will attempt to provide its view on why the coefficient of 0.72 has been assigned to the Hydro One Uplift variable.

It would be expected that the Hydro One Uplifted value would have a one to one relationship with the actual power purchased amount. This means the coefficient on the Hydro One Uplift variable would be expected to be one. The Hydro One Uplift variable begins in 2007. From 2007 onward there is a decline in annual power purchases from 2007 to 2011 which could be attributable to items such as CDM and economic decline. It is E.L.K.'s view that a portion of this decline has been assigned to the Hydro One Uplifted variable by the regression analysis which has reduced expected coefficient of one to 0.72.

12. VECC IR #14: E3-T2-S1 p.19

Why would the Adjustment for 2011 and 2012 CDM not also affect the purchased kWh and kW, and hence affect the WCA calculation, beyond the downward impact of CDM on billed (retail) consumption and demand.

Response: The WCA calculation uses forecast billed data as input and uplifts it to the power purchased level with an assumed loss factor. The billed data has already been adjusted for CDM in the load forecast which means no further adjustment is needed to account for CDM in the WCA calculation.

13. SEC#14b: E4-T2-S6

Does the 2012 OM&A include a full year provision for the Director and Manager positions?

Response: Yes, the 2012 OM &A include a full year provision for the Director, Finance & Regulatory Affairs and the Manager, Finance & Regulatory Affairs.

14. Board Staff IR #32: E9-T1-S1

ELK stated that it is not following Article 490 with respect to the RCVA accounts and does not have any amounts recorded in RCVA accounts 1518 and 1548.

ELK indicated that the total revenues from 4082 and 4084 were only $20,000, likely resulting in a minimal variance when comparing against costs. ELK also indicated that the cost of tracking staff time related to retailer billings and activity is inefficient and also difficult due to system limitations. As such, no entries are made by ELK to record the variances in these two accounts.

a) Has ELK obtained Board approval to exempt it from tracking variances in its RCVA accounts? If so, please provide the information for such an exemption.

Response: This is a practise that has been in place at E.L.K. for a number of years. Variance account information has been filed with the OEB on a quarterly basis through the RRR reporting and this issue has not been raised until now.

Now that this issue has been raised to our attention, ELK will work towards bringing its practice into compliance with Article 490 of the RCVA on a going-forward basis.

b) Given that the use of APH for regulatory accounting is mandatory, and there is no provision for the utilities to not follow APH on the basis of materiality or cost/benefit, please calculate the amounts that would have been recorded in these two accounts as of December 31, 2011.

Response: E.L.K. currently is not able to separate out the cost of retailer billings which means E.L.K. is unable to calculate the amounts that would have been recorded in accounts 1518 and 1548 as at December 31, 2011.

c) Given the fact that ELK has not tracked variances in its RCVA accounts and has not quantified the amounts that would have been recorded, what is the basis for ELK's assertion that the amounts are not material.

Response: The basis for the assertion that the amounts are not material was based on the minimal amount of revenue in these two accounts. E.L.K. does not distinguish between retailer and SSS accounts for billing purposes. E.L.K.'s billing is completed through cycles or geographic areas where retailer accounts and SSS accounts are mixed together in batches. As a result the costs associated with generating the SSS and retailer bills are also together and are included in accounts 5305 Supervision and 5315 Customer Billing.

d) Please recalculate rate riders including the balances calculated in 1.b) above.

Response: For the reasons set out in part b) above, E.L.K. is not currently able to perform the requested calculations.

As outlined in the response to part c) the costs associated with retailer billings are included in accounts 5305 Supervision and 5315 Customer Billing and the revenue included in accounts 4082 and 4084 is assumed to be a revenue offset to the revenue requirement to determine the base revenue requirement which is used in determining proposed distribution rates. As a result, it is E.L.K.'s view the customer is held harmless with regards to this issue and there is no need to recalculate the rate riders.

15. Board Staff IR #34 a) and b): E9-T1-S1

a) ELK has stated that it does not make a profit or loss on the commodity. However, the PDF version of the spreadsheet provided shows that there was a loss of $125,305 on commodity and other flow-through commodity and market-related charges. Please explain the reason for this difference.

Response: E.L.K. has tried to identify the difference in response to Board Staff IR#34(b). It is likely due to reclassification due to the fact that there were many entries related to the errors which were detected in the 2011 audit which could not be specifically identified.

b) ELK has not shown any amounts for account 4075 Billed-LV, but has shown $376,099 in account 4750 Charges-LV. Please provide the amount billed for LV. Accordingly, please update the table that ELK provided in its response to the Board staff IR #34a and file with the Board the revised table to show the amount for Account 4075, Billed – LV. Please explain the reason if the revised "Sum of Energy Sales and CoP" is not zero and is of material amount and explain how ELK proposes to address the issue of making a profit or a loss on the commodity per IR #34b.

Response- The amount billed for LV is $373,779 and has been consistently recorded in account 4220 Other Electric Revenues in the RRR reporting and not in 4075. This is practise has been in place at E.L.K. for many years. E.L.K. has now included this amount in the revised table below. This results in a gain of $248,000. E.L.K. does not believe it is making a profit. It is likely due to reclassification due to the fact that there were many entries related to the errors detected in the 2011 audit which could not be specifically identified.

Due to the errors detected in 2010 and the significant attention paid to this area by auditors, E.L.K. will be working together with auditors this year to ensure all entries are properly allocated.

Revenue USoAs related to RSVA	All RSVAs	1588 Power & GA	1550 LV	1580 WMS	1584 Network	1586 Connection
4006 Residential Energy Sales	(8,358,578)	(8,358,578)				
4010 Commercial Energy Sales	(3,307,394)	(3,307,394)				
4015 Industrial Energy Sales	-	-				
4020 Energy Sales to Large Users	-	-				
4025 Street Lighting Energy Sales	-	-				
4030 Sentinel Lighting Energy Sales	-	-				
4035 General Energy Sales	-	-				
4040 Other Energy Sales to Public Authorities	-	-				
4045 Energy Sales to Railroads and Railways						
4050 Revenue Adjustment	(3,434,984)	(3,434,984)				
4055 Energy Sales for Resale	(1,367,062)	(1,367,062)				
4060 Interdepartmental Energy Sales	(199)	(199)				
4062 Billed WMS	(1,415,961)			(1,415,961)		
4066 Billed NW	(1,219,183)				(1,219,183)	
4068 Billed CN	(830,462)					(830,462)
4075 Billed - LV	(373,779)		(373,779)			
Sum of Energy Sales	**(20,307,603)**	**(16,468,218)**	**(373,779)**	**(1,415,961)**	**(1,219,183)**	**(830,462)**
Expense USoAs related to RSVA						
4705 Power Purchased	16,223,165	16,223,165				
4708 Charges-WMS	1,413,563			1,413,563		
4710 Cost of Power Adjustments	-	-				
4714 Charges-NW	1,207,852				1,207,852	
4715 System Control and Load Dispatching	-					
4716 Charges-CN	836,343					836,343
4725 Competition Transition Expense	-					
4730 Rural Rate Assistance Expense	2,107			2,107		
4750 Charges - LV	376,099		376,099			
Sum of Cost of Power	**20,059,128**	**16,223,165**	**376,099**	**1,415,670**	**1,207,852**	**836,343**
Sum of Energy Sales and CoP	**(248,475)**	**(245,053)**	**2,320**	**(291)**	**(11,331)**	**5,881**

c) In its response under 34 b), ELK has provided a correcting entry that was made in 2011 by its auditors. ELK stated: “This amount was booked to account 4066, but should have been booked to **4050**. Therefore the spreadsheet in part (a) contains the removal of this amount from account 4066 and its addition to account **4055**.”

i. Please confirm under which account ELK booked this amount, i.e., account 4050 or account 4055.

Response: E.L.K. moved this amount from 4066 to 4050 in the spreadsheet above.

ii. Account 4050 is for unbilled revenue adjustment/prior year billing adjustment. Please provide more details with respect to the entry on page 237 of the IR responses, and explain what this entry was regarding.

Response: This entry was correcting for the RSVA Power variance and booked by the auditors in account 4066 for ease of tracking. E.L.K. felt for the presentation purposes, it would be more easily identifiable being put in 4055 for identification purposes rather than trying to equitably distribute among all the relevant revenue accounts.

iii. Board staff notes that the balances provided on page 236 of the IR responses for accounts 4050 and 4066 do not match the balances reported to the Board under RRR 2.1.7. In addition, if the correcting entry provided on page 237 of the IR responses was booked to account 4055, the RRR 2.1.7 reporting did not reflect it. Board staff also notes that no balance was reported under RRR 2.1.7 for account 4055 as of December 31, 2011. Please explain and propose a solution to address the discrepancy, if any.

Response: The RRR 2.1.7 was not adjusted as the actual KPMG trial balance was not adjusted. The spreadsheet above was modified by E.L.K. in trying to better respond to Board's staff questions. Accounts 4055 are grouped together with 4080 accounts as has always been the case at E.L.K. Energy Inc. In the future, E.L.K. proposes to revise its RRR reporting to address any similar discrepancies as they might arise.

16. Board Staff IR #35: E9-T1-S1

In response to part a) of this IR, ELK stated that it does not pro-rate the IESO/Host Distributor Global Adjustment charge into the RPP and non-RPP portions. The part b) of ELK's response appears to be saying that the billing system is not capable of implementing pro-ration of Global Adjustment.

a) Please clarify if the costs related to Global Adjustment are pro-rated between RPP and non-RPP portions.

Response: Yes, E.L.K. confirms it currently does pro-rate the IESO/Host distributor Global Adjustment charge into RPP and non-RPP portions.

b) Please clarify and confirm that the balance requested for disposition for Account 1588-sub-account Global Adjustment reflects the amounts related to non-RPP customers only.

Response: Yes, E.L.K. confirms the balance requested for disposition for Account 1588-sub-account Global Adjustment reflects the amounts related to non-RPP customers only.

c) Please describe in detail the steps related to booking Global Adjustment entries into the GL for costs, as well as for revenues.

Response: The Global adjustment entry for recording costs in the general ledger is booked each month from the IESO invoices received. Lines 0146 Global Adjustment settlement amount and 0148 Class B Global Adjustment Settlement Amount is booked as a debit (expense) to account 4705-08 Global Adjustment. Revenues for global adjustment for non-RPP customers are offset in this account. E.L.K. then pro-rates the IESO/Host distributor Global Adjustment charges into RPP and non-RPP portions. An example is provided below.

Opening balance	$ 2,789,233.41	
Global adjustment related to market pricing customers	$ 7,940,257.45	See below
Global adjustment billed to market pricing customers	$ (5,401,620.90)	
	$ 5,327,869.96	

Global adjustment charge during the year (charge 0146 & 0148 on IESO invoice)				$ 10,189,431.82
		Consumption		
Global adjustment - WAP customers		369,725,384.00	78%	$ 7,940,257.45
RPP - Block 1	59,917,051.00			
RPP - Block 2	44,812,155.00			
		104,729,206.00	22%	$ 2,249,174.37
		474,454,590.00		$ 10,189,431.82

d) Using an Excel spreadsheet, please make an estimate based on consumption for RPP and non-RPP and calculate the RPP and non-RPP portions of the Global Adjustment ensuring that the balance in account 1588, sub-account Global Adjustment requested for disposition relates to only the non-RPP customers.

Response: Not applicable. Similar to the response in 16a) above, E.L.K. confirms that it does currently pro-rate the IESO/Host distributor Global Adjustment charge into RPP and non-RPP portions.

e) Please re-calculate the balances in the Account 1588 control account and Account 1588 sub-account Global Adjustment and calculate and file with the Board the rate riders, including the separate rate rider that would prospectively apply to non-RPP customers. Please file with the Board all necessary calculations including the Excel spreadsheet and all assumptions made by ELK.

Response: The Global Adjustment rate rider proposed and outlined in Table 9-6 of the application relates to the Global Adjustment amounts assigned to Non-RPP customers only and is proposed to be collected from non—RPP customers.

f) Please explain when ELK expects to fully include a solution in its customer information system to implement a separate rate rider for non-RPP customers.

Response: E.L.K. is waiting on further direction from the OEB Board in this regard. Once E.L.K. has been instructed to implement a separate rate rider for non-RPP customers, E.L.K. will request its billing system vendor to make the appropriate changes to implement a separate rate rider for non-RPP customers.

17. Board Staff IR #39: E9-T2-S2

In response to part b) of this IR, ELK provided the account balances for account 1592, sub-account HST/OVAT ITC from July 1, 2010 until September 30, 2012. Board staff notes that instead of credits continuing to build each month, the balances appear to be going down for some months as well (e.g. balance dropped from ($14,182.80) in October 2010 to ($8,416.35) in November).

a) Please explain the reason for the credits to go down in the absence of any Board ordered disposition of this account.

Response: The reason for the credits going down is the result of timing. E.L.K. reduces this account through the calculation of the ITC recapture (account 1592-12) through the monthly HST return. The account then increases through the accounts payable process.

b) Please recalculate the rate rider in accordance with December 2010 APH – FAQs.

Response: E.L.K. has reviewed the December 2010 APH – FAQs and is unable to find direction on how to calculate rate riders for account 1592.

18. Board Staff IR#40 (b) (d): appendix 9-A 1562 Summary Continuity and Supporting Calculations-

a) What is the amount of the refund proposed in the revised evidence?

Response: The amount of the refund proposed in the revised evidence is $4,059. With the correction of an error detected it is now a recovery of $40,047. This amount is referenced in Appendix Bd staff 20(a) - corrected PILs summary.

b) Interest carrying charges have been calculated only to April 30, 2012. Do you agree that interest will have to be calculated up the effective date of the rate change?

Response: Yes, E.L.K. agrees that interest will have to be calculated up to the effective date of the rate change, once that date is determined.

The Board-approved rate schedules show monthly fixed charges and volumetric rates. The approved rates remain in force until changed by the Board. The rates are determined using revenue requirement for a twelve-month period and then deriving a monthly charge or volumetric rate. The Board intended to adjust rates on March 1, 2003, but the Board's schedule of rate changes was suspended by Bill 210. E.L.K. agrees that the rates were in effect for 23 months, but states that it is entitled to 24 months of proxy in the PILs 1562 continuity schedule.

a) Please explain why the calculation should be based on 24 months when E.L.K. agrees that it was legally entitled to bill customers for only 23 months.

Response: For the PILs summary, E.L.K. followed the methodology used by Halton Hills Hydro as directed in the decision and order EB-2008-0381. The proxy on the summary was determined as follows:

2002 – proxy for the year is comprised of the 2001 proxy plus 2002 proxy
2003 – proxy was determined as the 2001 proxy plus the 2002 proxy
2004 – proxy was determined as 3/12^{ths} of (2001 proxy plus 2002 proxy)

You asked us to use a simple monthly average for the purposes of calculating the carrying charges, which we have done, based upon the proxy included on the summary. Your monthly average methodology did not produce a proxy amount that agreed with the amounts reported on the summary consistent with the Halton Hills Hydro model. E.L.K. revised the monthly proxy to produce proxy amounts in the carrying charge calculation that agreed with the proxy as reported on the summary page.

19. Board Staff IR#41(a): Appendix 9-B Calculations of Collected PILs

Unmetered scattered load was an approved rate in E.L.K.'s rate schedules.

a) Please explain why ELK applied for the rate but did not bill customers in 2002, 2004 and 2005.

Response: Due to the loss of the Director, Finance & Regulatory Affairs as an E.L.K. employee, E.L.K. does not know the reason this was done.

b) Does E.L.K. understand that it must bill its customers according to the Board's approved rate schedules?

Response: Yes. E.L.K. does understand this. During 2002 to 2005, the Director, Finance & Regulatory Affairs was responsible for rate implementation. This employee is no longer employed by E.L.K. and no one else currently working for E.L.K. has knowledge of why E.L.K. applied for the rate but did not bill customers in 2002, 2004 and 2005.

20. Board Staff IR#43(b), (d), (e), (f), (g): Income Tax Rates used in SIMPL Models Sheet TAXCALC

Board staff asked interrogatories concerning a regulatory approach to calculating income tax rates and the PILs true-up entries. This type of evidence has been provided in many other proceedings especially during the discovery phase. The purpose of the interrogatories is to provide the Board with evidence that is similar to other distributors.

a) Board staff requests that E.L.K. respond to the interrogatories as posed and file the supporting SIMPIL models and continuity schedule.

Response: Tax rates have been calculated in accordance with the Board staff IR 43(b), (d), (e), (f), (g). Calculations are attached as Appendix Bd staff 20(a) – original tax rate calcn. The SIMPIL models and PILs summary have been amended as well and are attached as Appendix Bd staff 20(a) – SIMPIL 20XX – orig, Appendix Bd staff 20(a) – PILs summary – orig for revisions resulting from tax rates using the same methodology as originally filed for all years. As a result of this change, an error was discovered in the calculation of the tax rates originally filed which has been corrected.

Accordingly, the SIMPIL models for 2001 and 2002 have also been revised along with 2003 to 2005.

For the tax rates calculated on a regulatory model, the calculation is attached as and Appendix Bd staff 20(a) – regulatory tax rate calcn. The amended SIMPIL models and PILs summary are attached as Appendix Bd staff 20(a) – SIMPIL 20XX - regulatory and Appendix Bd staff 20(a) – PILs summary – regulatory respectively.

Actual taxable income in 2005 as shown in the tax returns was $793,400. E.L.K. was eligible to claim the Ontario small business deduction in 2005.

b) Please explain why ELK did not take the deduction which would have resulted in lower PILs to be paid.

Response: For the years 2001 to 2005, E.L.K. filed its tax returns did not consider itself a Canadian Controlled Private Corporation ("CCPC") eligible for the small business deduction on the basis that it was not a private corporation given its municipal ownership. As a result, the tax returns were filed as an "other" corporation which was not eligible for the small business deduction.

21. Board Staff IR#44(b): Restatement of employee future Benefit Liability 2003 Adjustment

When did ELK first adopt the CICA accounting standard for post-employment benefits?

Response: The employee future benefit accounting standard was effective for years beginning on or after January 1, 2000. E.L.K. adopted this standard in accordance with the effective date as can be seen in the 2001 F/S showing the 2000 comparative information with the liability recorded.

22. Board staff IR #48: E9-T4-S2 p.5

In part b) of its response, E.L.K. states that its 2010 OM&A was decreased as its own staff were used for smart meter deployment.

a) Please confirm that the smart meter costs for deployment are incremental to, and do not replace the normal level of OM&A costs that were factored into E.L.K.`s approved distribution rates.

Response: E.L.K. confirms that the smart meter costs for deployment are incremental to and do not replace the normal level of OM & A costs that were factored into E.L.K.'s approved distribution rates.

23. Board staff IR #49: E9-T4-S2 p.15-16

In its response, E.L.K. states that it has not completed deployment, or even selected a vendor for web presentment. However, it is seeking recovery for capital costs in 2012 of $18,000.

a) Please explain E.L.K.`s rationale for seeking recovery of this capital cost before it has been expended or is in service.

Response: E.L.K. was planning on rolling the web presentment out in 2012 but due to the cost of service and the vacancy of the Director of Finance & Regulatory Affairs, the implementation was deferred. It was indeed E.L.K.'s plan to implement in 2012.

24. Board staff IR #51: Smart Meter Model

In its response, E.L.K. states that the 33.13% tax rate includes the portion of the Ontario Capital tax.

a) Since the Ontario Capital Tax is shown separately, and calculated separately for the deferred revenue requirement, please explain why it is factored into the 2009 aggregate Federal and Ontario corporate tax rate.

Response: The Ontario Capital Tax was incorrectly factored into the 2009 aggregate Federal and Ontario corporate tax rate as explained in Response to Board Staff #51. Once this was corrected it had an impact of $1 on the SMDR revenue requirement as explained in Response to Board Staff #53.