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**BY E-MAIL**

January 17, 2014

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

Dear Ms. Walli:

**Re: E.L.K. Energy Inc. ("E.L.K. Energy")  
2014 IRM Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2013-0123**

In accordance with Procedural Order #1, please find attached Board Staff's interrogatories in the above noted proceeding. E.L.K. Energy has been copied on this filing.

E.L.K. Energy's responses to interrogatories are due on January 31, 2014.

Yours truly,

*Original Signed By*

Marc Abramovitz

Encl.

**E.L.K. Energy Inc.  
EB-2013-0123  
Board Staff Interrogatories**

**Capitalization and Depreciation Policies**

**Interrogatory #1**

**Ref: Manager's Summary**

With respect to the request to dispose account 1576, E.L.K. Energy noted that it aligned its depreciation rates to be consistent with the recent Kinetrics report.

Please file [Appendix 2-BB](#) (Service Life Comparison) located in Chapter 2 of *the Filing Requirements for Electricity Distribution Rate Applications*.

**Capitalization and Depreciation Policies**

**Interrogatory #2**

**Ref: Manager's Summary**

In its manager's summary, E.L.K. Energy noted that the models used to support the rates set out in the Settlement Agreement were rerun to reflect the new depreciation rates and capitalization policy.

Please file the excel version of all updated models.

**Rate Generator Model**

**Interrogatory #3**

**Ref: Sheet 4**

The 3<sup>rd</sup> paragraph in the "Application" section of each rate class at the above reference (excluding the microFIT class) reads as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

Based on E.L.K. Energy's Board approved Tariff of Rates and Charges issued on May 2, 2013, the above paragraph should be read as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

Please confirm that the wording in E.L.K. Energy's most recent Board approved tariff is correct. If so, Board staff will make the corrections to Sheet 4 of the IRM model.

### **Rate Generator Model**

#### **Interrogatory #4**

**Ref: Sheet 4**

Please confirm that the rate rider for disposition of deferred PILs variance account 1562 (2012) should have an "effective until" date of April 30, 2016 and not April 30, 2015. If so, Board staff will make the corrections to Sheet 4 of the IRM model.

### **Rate Generator Model**

#### **Interrogatory #5**

**Ref: Sheet 4**

For all classes that have a Regulatory Component, the Rural Rate Protection Charge shows a rate of 0.0015 \$/kWh. Please confirm that the rate should be 0.0012 \$/kWh as displayed on E.L.K. Energy's Board approved Tariff of Rates and Charges issued on May 2, 2013. If so, Board staff will make the corrections to Sheet 4 of the IRM model.

### **Rate Generator Model**

#### **Interrogatory #6**

**Ref: Sheet 4**

For the General Service 50 to 4,999 kW service classification, Board staff notes that the retail transmission network service rate of 2.1670 \$/kW does not match the retail transmission network service rate of 2.1567 \$/kW found on E.L.K. Energy's Board approved Tariff of Rates and Charges issued on May 2, 2013.

Please confirm that the current retail transmission network service rate for the General Service 50 to 4,999 kW rate class is 2.1576 \$/kW. If so, Board staff will make the corrections to Sheet 4 of the IRM model.

## RTSR Model

### Interrogatory #7

Ref: RTSR Model, Tab 4 – “RRR Data”

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	103,777,144		1.0810		112,183,093	-
General Service Less Than 50 kW	kWh	33,461,365		1.0810		36,171,736	-
General Service 50 to 4,999 kW	kW	69,155,888	186,936		50.71%	69,155,888	186,936
Unmetered Scattered Load	kWh	305,956		1.0810		330,738	-
Sentinel Lighting	kW	203,101	551		50.54%	203,101	551
Street Lighting	kW	2,688,276	6,357		57.96%	2,688,276	6,357
Embedded Distributor	kW	59,304,288	132,486		61.35%	59,304,288	132,486

Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by E.L.K. Energy’s Board approved loss factor.

## Shared Tax Savings Model

### Interrogatory #8

Ref: Shared Tax Savings Model, Tab 5

At the above reference, E.L.K. Energy has reported regulatory taxable income for 2012 at \$383,811 and a corporate tax rate of 15.50%.

As per the settlement agreement attached to the Board’s decision and rate order dated May 2, 2013 (EB-2011-0099) page 75 of 80 indicates that the Taxable Income and tax rate is \$801,283 and 22.12% respectively.

Please reconcile the figures and indicate the correct regulatory taxable income and corporate tax rate for E.L.K. Energy’s latest cost of service filing (with references).