



February 19, 2014

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

Dear Ms. Walli

**Re: Electricity Distribution Service Area Amendment Application – E.L.K. Energy Inc.
(O.E.B. Electricity Distributor License No. ED-2003-0015)**

I am writing on behalf of the Board of Directors of E.L.K. Energy Inc. (“E.L.K.”) to request the Ontario Energy Board make an amendment to our Distribution License No. ED-2003-0015 to include the lots described below located at (Town of Kingsville).

E.L.K. provides electricity distribution services to customers in the Towns of Essex, Lakeshore and Kingsville. The Town of Essex is the sole shareholder of the Applicant. Within those towns, which cover a large geographic area in southwestern Ontario, the applicant has six non-contiguous service areas, serving the former municipalities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. Hydro One Networks Inc. (“Hydro One”) is the electricity distributor for customers located beyond the boundaries of these six service areas.

E.L.K. is in the process of providing service to Phase 1, 48 lots, of the Timbercreek Estates residential subdivision which is located in the municipal boundaries of the Corporation of the Town of Kingsville. Timbercreek Estates consists of 75 residential building lots of which 68 of said lots are wholly contained within E.L.K.’s licensed service area. The remaining 7 lots, being lots 10, 12, 14, 18, 20 and 22, form a portion of this application. Lots 14, 16, 18, 20 and 22 front E.L.K.’s licensed service area but the rear portion of the lot is in Hydro One’s licensed service area. Lot 12, which is immediately north of lot 14, fronts both E.L.K.’s and Hydro One’s licensed service area and the rear portion of the lot is in Hydro One’s licensed service area. Lot 10, which is immediately north of lot 12, fronts Hydro One’s licensed service area. Hydro One has advised they are in agreement with the Service Area Amendment to include lots, 10, 12, 14, 16, 18, 20 and 22 in the subdivision that lie outside of E.L.K.’s licensed service area as it has been mutually determined that it is more economically efficient to connect the requested properties to the Applicant’s distribution system. E.L.K. is requesting the application be approved to avoid E.L.K. and Hydro One providing service to the property.



Please find accompanying this letter, 2 copies of our revised Service Area Amendment application that now includes Hydro One's letter of Consent for an Order bringing the lands on which the Property is located into the E.L.K. distribution service area, together with an electronic copy of the same sent to the Board Secretary by e-mail. As the Application is on consent, E.L.K. has followed the minimum filing requirements for SAA assigned by the Ontario Energy Board.

Regards,

Mark Danelon
Manager, Finance & Regulatory Affairs

Copies to: Doug Fraser, Account Executive Customer Business Relations, Hydro One Networks Inc.

Service Area Amendment Application

Hydro One Networks Inc.

And

E.L.K. Energy Inc.

February 19, 2014

7.0 Introduction

This application for a Service Area Amendment is structured and follows the minimum filing requirement for SAA assigned by the Ontario Energy Board. The section numbers follow the filing requirement of the base reference.

E.L.K. Energy (the “Applicant”) hereby applies to the Ontario Energy Board (the “OEB”) for an Order or Orders:

- a) Amending Schedule 1 of its Electricity Distribution License (No. ED-2003-0015) by including the lands described at 7.1.3 to this Application, and to permit the connection of these said lands located within the municipal boundaries of the Corporation of the Town of Kingsville, to the Applicant’s electricity distribution system;
- b) Excluding the lands on which these said lands are located from the licensed service territory of Hydro One Networks Inc. (“Incumbent Distributor”); and
- c) Granting this relief in an expeditious manner without a hearing, pursuant to Subsection 21(4) of the Ontario Energy Board Act, 1998 (the “OEB Act”) as Hydro One has indicated its support and will confirm its support by way of correspondence to the OEB in response to this application, and as no person will be adversely affected by the outcome of this application.

The Applicant is a local electricity distribution company (an “LDC”) that distributes electricity to customers in the Towns of Essex, Kingsville and Lakeshore. The Corporation of the Town of Essex is the sole shareholder of the Applicant. Within those towns, which cover a large geographic area in southwestern Ontario, the Applicant has six non-contiguous service areas, serving the former municipalities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. Hydro One Networks Inc. (“Hydro One”) is the electricity distributor for customers located beyond the boundaries of these six service areas.

7.1 Basic Facts

General

7.1.1 (a)

Provide the contact information for the applicant. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

The Applicant:

Mark Danelon
Manager, Finance & Regulatory Affairs
172 Forest Avenue
Essex, ON N8M 3E4
Canada
Telephone: 519-776-5291 ext 204
Fax: 519-776-5640
Email address: mdanelon@elkenegy.com

7.1.1 (b)

Provide the contact information for the incumbent distributor. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

The Incumbent Distributor:

Pasquale Catalano
Regulatory Analyst, Major Projects and Partnerships, Regulatory Affairs
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
Telephone: 416-345-5405
Fax: 416-345-5866
Email address: regulatory@HydroOne.com

7.1.1 (c)

Provide every affected customer, landowner, and developer in the area that is the subject of the SAA Application. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

The Registered Owner/Developer of the Timbercreek Residential Subdivision Properties as described in 7.1.3

Gordon Meuser
President
Timbercreek Estates Inc.
858 Point Pelee Drive
Leamington, Ontario N9H 3V4

7.1.1 (d) & (e)

Provide any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application; and any representative of the persons listed above including, but not limited to, a legal representative.

Not applicable. There are no alternate distributors other than the applicant and the incumbent distributor.

7.1.1 (d) & (e)

Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA.

The Applicant and the Incumbent Distributor have discussed the merits of the request to provide an electricity service connection to lots 10, 12, 14, 16, 18, 20 and 22 Emily Ave and it has been mutually determined that it is more economically efficient to connect the requested properties to the Applicant's distribution system.

DESCRIPTION OF PROPOSED SERVICE AREA

7.1.3

Provide a detailed description of the lands that are subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands. For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).

The Applicant provides the following information in this regard:

Legal description of the lands that are the subject of this application;

1. Lot 1, Plan 12M565; Town of Kingsville (10 Emily Ave, Kingsville ON, N9Y 2K5)
2. Lot 2, Plan 12M565 (12 Emily Ave, Kingsville ON, N9Y 2K5)
3. Lot 3, Plan 12M565 (14 Emily Ave, Kingsville ON, N9Y 2K5)
4. LT 4 PL 12M565 & PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 1 PL 12R24801; Town of Kingsville (16 Emily Ave, Kingsville ON, N9Y 2K5)
5. Lot 5, Plan 12M565 (18 Emily Ave, Kingsville ON, N9Y 2K5)
6. PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 2 PL 12R24801; Town of Kingsville (18 Emily Ave, Kingsville ON, N9Y 2K5)
7. LT 6 PL 12M565 & PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 3 PL 12R24801; Town of Kingsville (20 Emily Ave, Kingsville ON, N9Y 2K5)
8. Lot 7, Plan 12M565 (22 Emily Ave, Kingsville ON, N9Y 2K5)
9. PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 4 PL 12R24801; Town of Kingsville (22 Emily Ave, Kingsville ON, N9Y 2K5)

7.1.4

Provide one or more maps or diagrams of the area that is subject of the SAA application.

Attachment 1.1 Area Subject of the SAA Application.

The area shaded in green depicts the area subject of the SAA application.

Attachment 1.2 Actual Lot Subject of the SAA Application

The area shaded in green depicts the actual lot, part of which is subject of the SAA application.

Attachment 1.3 Existing Licensed Service Areas

The area shaded in green depicts the Applicants service area in the proximity of the area subject of the SAA application. The area shaded in red depicts the Incumbent Distributor's service area in the proximity of the area subject of the SAA application.

Attachment 1.4 E.L.K. Energy's Kingsville Service Area in Relation to the Area Subject of the SAA Application

The area shaded in light green depicts the Applicants Kingsville Service Area. The area shaded in dark green depicts the area subject of the SAA application. The Incumbent Distributor's service area is left white for ease of reference.

7.1.4 (a)

Borders of the applicant's service area

Please reference Attachment 1.3 and Attachment 1.4 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

7.1.4 (b)

Borders of the incumbent distributor's service area

Please reference Attachment 1.3 and Attachment 1.4 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

7.1.4 (c)

Borders of any alternate distributor's service area

Not applicable

7.1.4 (d)

Territory surrounding the area for which the applicant is making SAA application

As can be seen in Attachment 1.1, Attachment 1.2 and Attachment 1.3 the area to the West and North is commercial. To the East is an existing residential development and to the South West is the balance of the residential development the subject lots are a part of.

7.1.4 (e)

Geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities.

The lots front onto Emily Ave and the area is loosely bound by the following roads: County Road 20, Wigle Grove Road and Lakeview Ave.

7.1.4 (f)

Existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well)

The Applicant will be installing an underground distribution system to service Phase 1 of Timbercreek Estates residential development which consists of 48 lots. 7 lots of which are part of the SAA application and the remaining 41 lots are in the Applicants service area. The Applicant provided the Developer with an Offer to Connect, which the Developer accepted, for all 48 lots based on the Incumbent Distributors agreement in writing to include the lots in question in this application.

DISTRIBUTION INFRASTRUCTURE IN AND AROUND THE PROPOSED AMENDMENT AREA

7.1.5

Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).

These will be residential subdivision connections.

7.1.6

Provide a description of the applicant's plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application. Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application.

The applicant has no plans for any similar expansions in lands adjacent to the area that is the subject of the SAA application.

7.2 EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM

The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency. Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.

7.2.1 ECONOMIC AND ENGINEERING EFFECIENCY

In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. (NOTE: (a), (b), (c), (d), (e), (f), (g), (h),)

7.2.1 (a)

Location of the point of delivery and the point of connection

The delivery point is located adjacent at the intersection of Rockport Lane and Sandybrook Way. The connection point is 1.884 Km's South East at 16 Emily Ave.

7.2.1(b)

Proximity of the proposed connection to an existing, well developed electricity distribution system

The proposed connection is immediately adjacent a well developed electricity distribution system.

7.2.1 (c)

The fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs are unnecessary for the proposed SAA. (Note: the Board will determine if the reason provided is acceptable).

The fully allocated connection cost was determined by using the Offer to Connect (Timbercreek Estates Inc) total price for the 48 lot residential subdivision and prorated as a per lot cost. The cost includes the supply and installation of the underground electrical distribution system, installing the primary riser up the new poles and connecting new distribution assets into the existing transformer, as well as placing the new distribution assets into service and connecting the service to the lot line. The cost per lot is approximately \$3,646.

7.2.1(d)

The amount of any capital contribution required from the customer

After performing the economic evaluation model on the original 48 lot residential subdivision mentioned in 7.2.1 (c), it is estimated that the capital contribution required from the customer per lot is \$2,005 plus HST

7.2.1(e)

Costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed

As there is no applicable Incumbent Distributor distribution infrastructure in the immediate vicinity of the lands subject to this proposed amendment, if permitted by the OEB, would not result in the stranding of any Incumbent Distributor assets. Nor would it strand any of the Applicants assets.

7.2.1(f)

Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term.

The proposed connection of 7 residential lots will not decrease the reliability of the area that is subject of the SAA application or the adjacent regions over the long term.

7.2.1(g)

Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.

There is no growth potential beyond the area that is subject of the SAA application.

7.2.1(h)

Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.

Not applicable

7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

7.3.1

Identify any affected customers or landowners.

There are no other customers of either the Applicant or the Incumbent Distributor affected by this application.

7.3.2

Provide a description of any impacts on costs, rates, service quality, and reliability for customers in the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

7.3.3

Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor outside the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

There will be no adverse impact as a result of this proposed service area amendment.

7.3.4

Provide a description of the impacts of each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable.

See section 7.2.1 (f) of this application.

7.3.5

Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.

Not applicable. There will be no assets stranded or become redundant if this application is granted.

7.3.6

Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.

No assets are proposed to be transferred to or from the Applicant

7.3.7

Identify existing customers that are proposed to be transferred to or from the applicant.

No existing customers are proposed to be transferred to or from the Applicant by this application.

7.3.8

Provide a description of any existing load transfers or retail points of supply that will be eliminated.

No existing load transfers or retail points of supply are proposed by this application.

7.3.9

Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the distribution System Code (“DSC”)? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e. the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.

No additional load transfers or retail points of supply are proposed by this application.

EVIDENCE OF CONSIDERATION AND MITIGATION OF IMPACTS

7.3.10

Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.

Please refer to Attachment 2.1 for a letter of consent from the incumbent distributor.

7.3.11

Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.

Please refer to Attachment 2.1 for a letter of consent from the incumbent distributor

7.3.12

Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.

Not applicable

7.3.13

Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved (i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).

Not applicable. No customers and/or asset transfers are involved.

7.4 CUSTOMER PREFERENCE

7.4.1

An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer (which includes landowners and developers) indicating the customer's preference.

The Applicant and the Incumbent Distributor have discussed the merits of the request to provide an electricity service connection to lots 10, 12, 14, 16, 18, 20 and 22 Emily Ave and it has been mutually determined that it is more economically efficient to connect the requested properties to the Applicant's distribution system.

7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS

If there is no agreement among affected persons regarding the proposed SAA, the applicant must file the additional information set out below.

7.5.1

If the application was initiated due to an interest in service by a customer, landowner, or developer, evidence that the incumbent distributor was provided an opportunity to make an offer to connect that customer, landowner, or developer.

Not applicable. The affected persons are in agreement on the filing of the application.

7.5.2

Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect from the applicant and any alternate distributor bordering on the area that is the subject of the SAA application.

Not applicable. The affected persons are in agreement on the filing of the application.

7.5.3

Actual copies of, as well as a summary of, the offers(s) to connect documentation (including any associated financial evaluations carried out in accordance with Appendix B of the Distribution System Code). The financial evaluations should indicate costs associated with the connection including, but not limited to, on-site capital, capital required to extend the distribution system to the customer location, incremental up-stream capital investment required to serve the load, the present value of incremental OM & A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue shortfall, and the capital contribution requested.

Not applicable. The affected persons are in agreement on the filing of the application.

7.5.4

If there are competing offers to connect, a comparisons of the competing offers to connect the customer, landowner, or developer.

Not applicable. The affected persons are in agreement on the filing of the application.

7.5.5

A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor to serve the area that is the subject of the SAA application, including any specific proposed connections.

Not Applicable. The affected persons are in agreement on the filing of the application.

7.5.6

Outage statistics or, if outage statistics are not available, any other information regarding the reliability of the existing line(s) of each distributor that are proposed to supply the area that is the subject of the SAA application.

Not applicable. The affected persons are in agreement on the filing of the application.

7.5.7

Quantitative evidence of quality and reliability of service for each distributor for similar customers in comparable locations and densities to the area that is the subject of the SAA application.

Not applicable. The affected persons are in agreement on the filing of the application.

7.6 OTHER

It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.

7.7 WRITTEN CONSENT

E.L.K. Energy Inc. consents to all the statements made in this application

Mark Danelon, Manager, Finance & Regulatory Affairs

E.L.K. Energy Inc.

Dated:_____

7.8 REQUEST FOR NO HEARING

Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide:

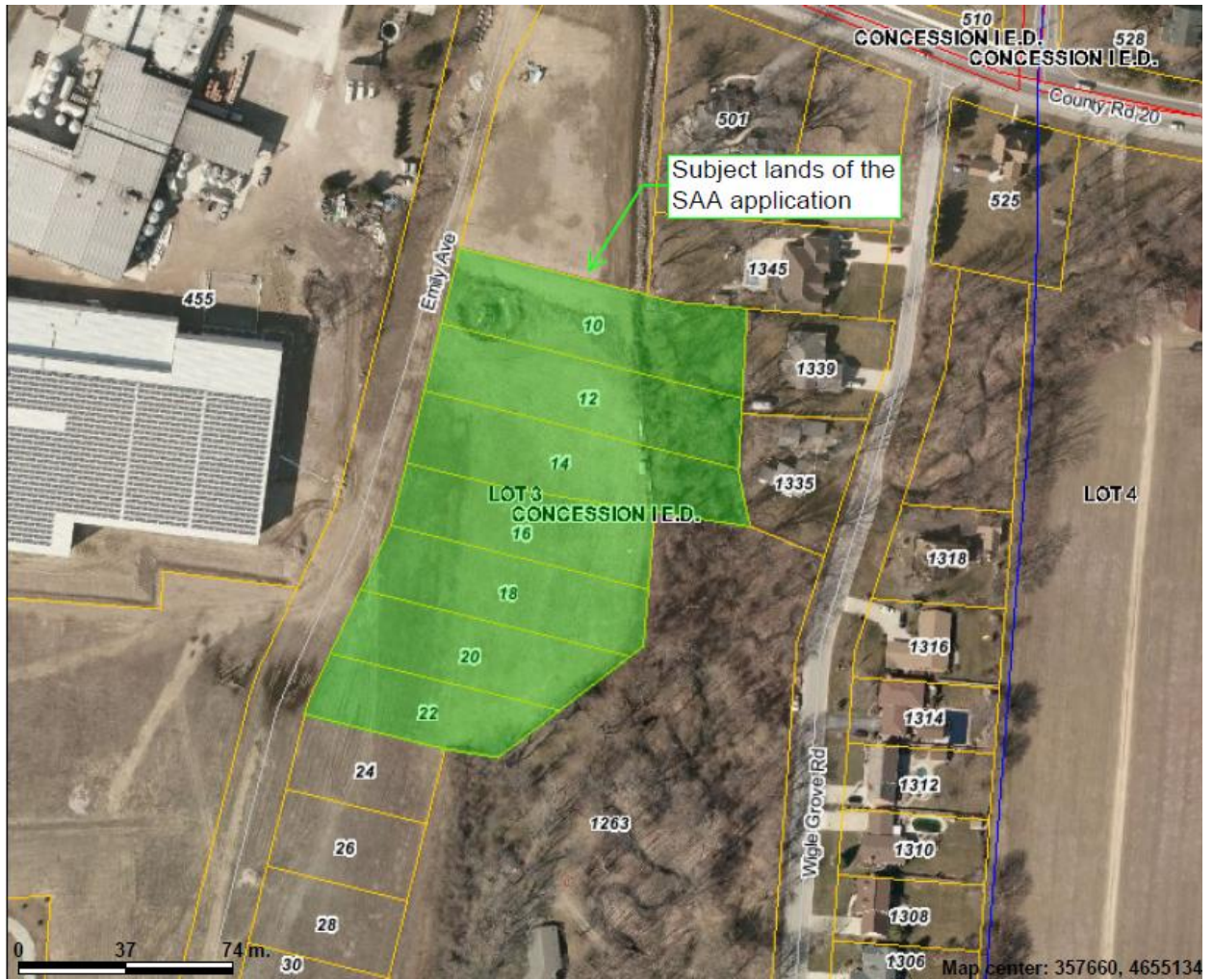
- (a) An explanation as to how no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND**
 - (b) The proposed recipient's written consent to the disposal of the application without a hearing**
-
- (a) There will be no adverse impacts on existing customers as this application.
 - (b) E.L.K. Energy Inc. requests that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of the Act.

Mark Danelon, Manager, Finance & Regulatory Affairs

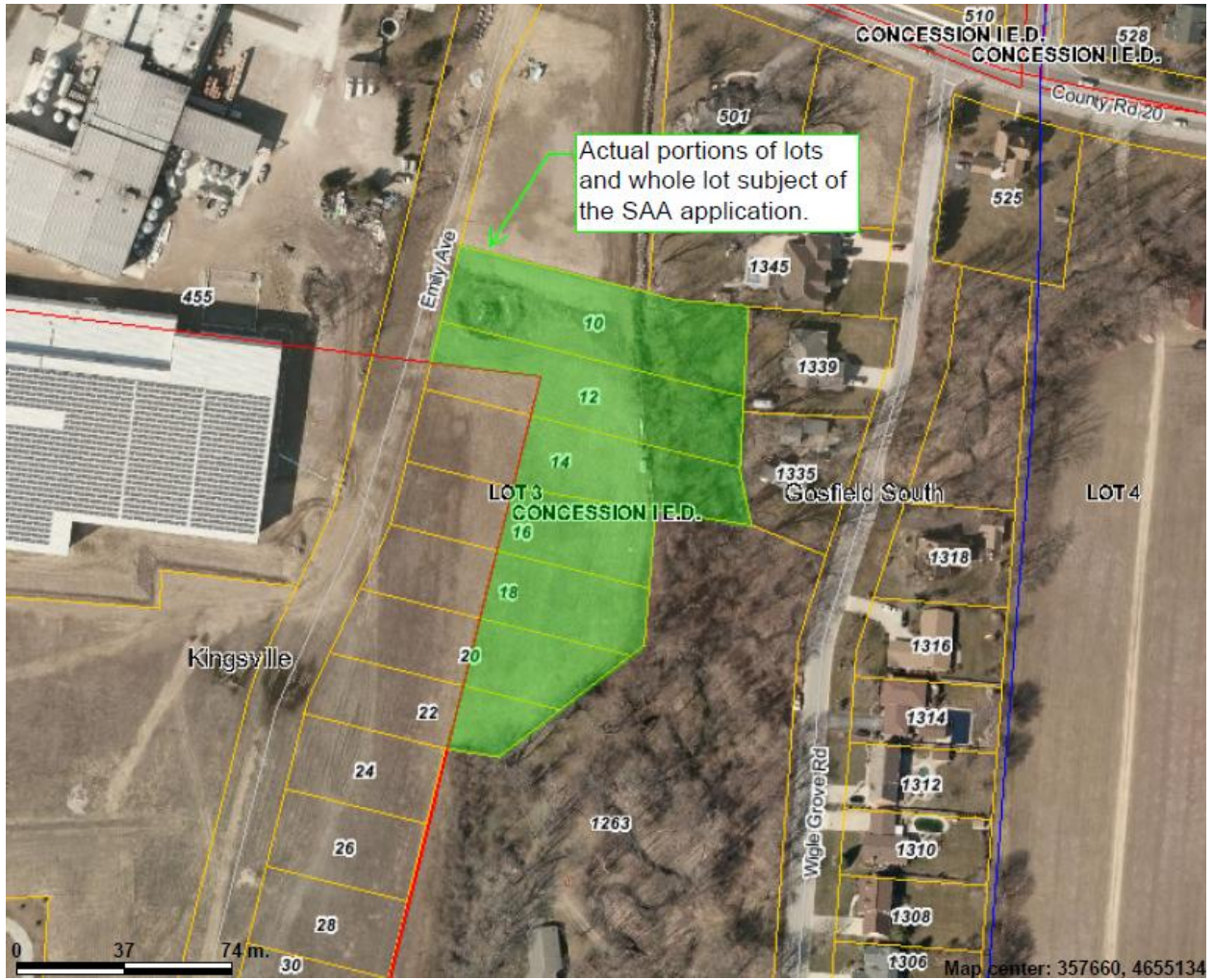
E.L.K. Energy Inc.

Dated:_____

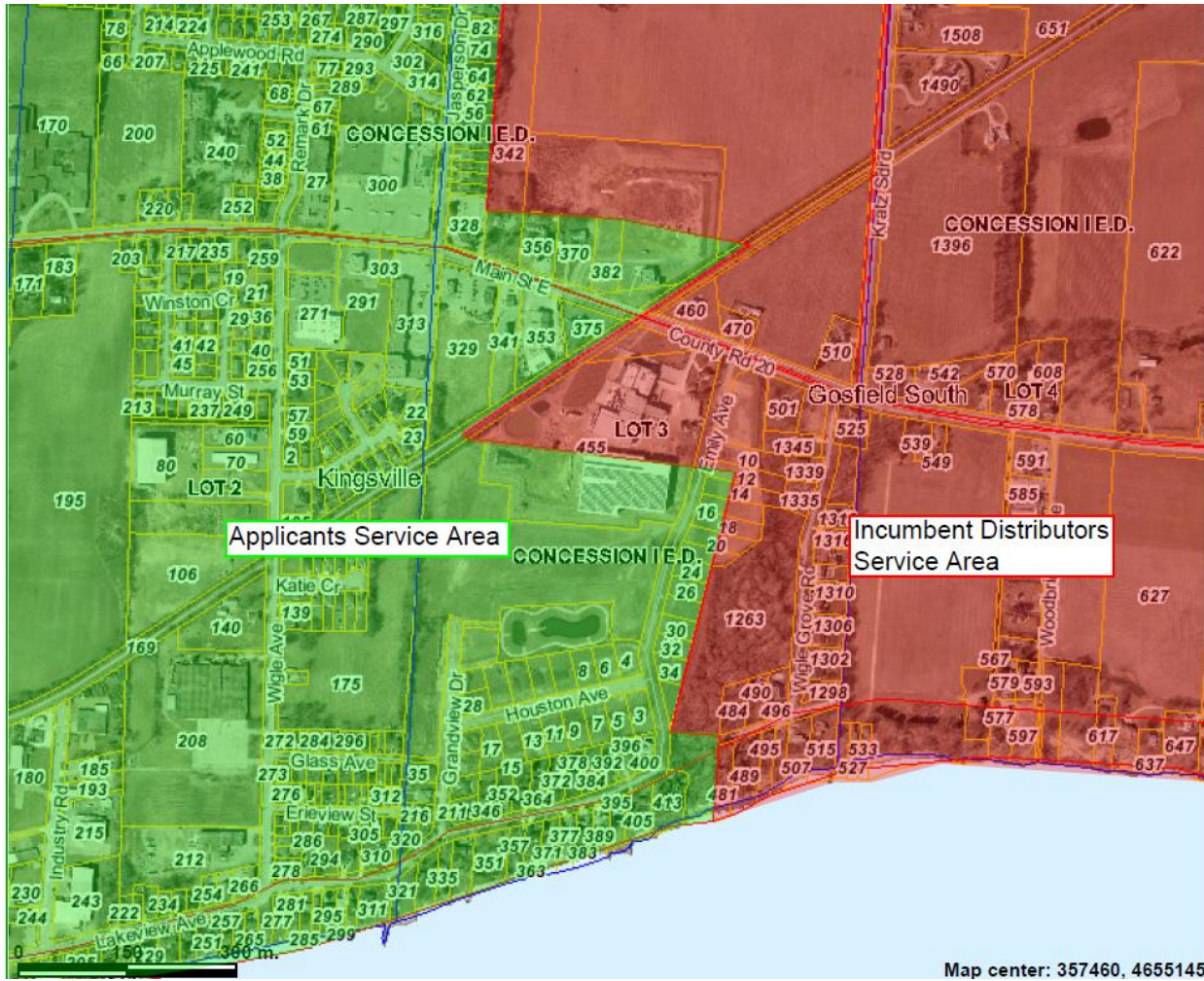
Attachment 1.1 Area Subject of the SAA Application



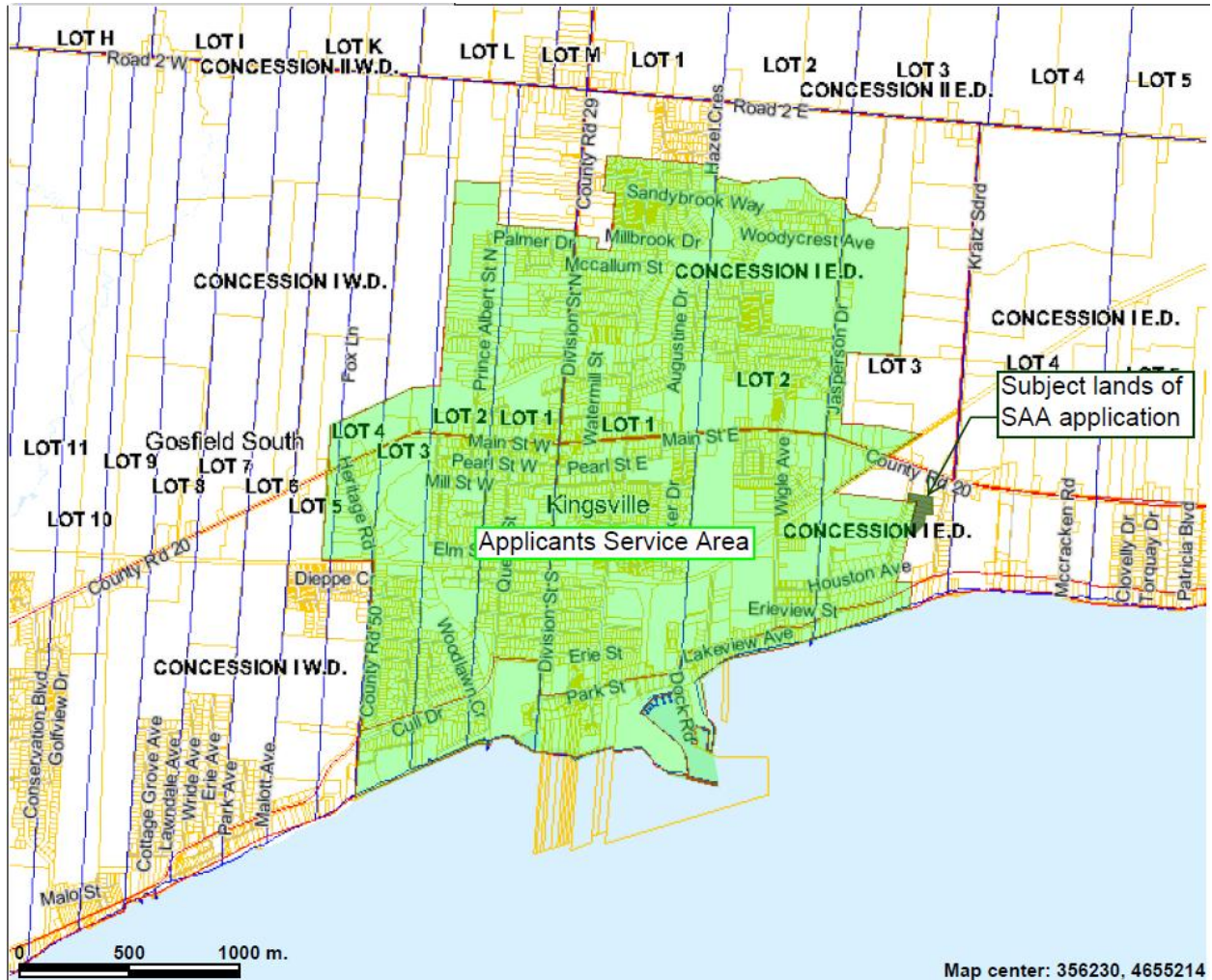
Attachment 1.2 Actual Lot Subject of the SAA Application



Attachment 1.3 Existing Licensed Service Areas



Attachment 1.4 E.L.K. Energy's Kingsville Service Area in Relation to the Area Subject of the SAA Application



ATTACHMENT LETTER 2.1

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5707
Fax: (416) 345-5800
Andrew.Skalski@HydroOne.com

Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

February 14, 2014

Mr. Mark Danelon
Manager, Finance & Regulatory Affairs
E.L.K. Energy
172 Forest Avenue
Essex, ON
N8M 3E4

Dear Mr. Danelon:

**E.L.K. Energy Inc. Application for a Service Area Amendment –
Hydro One Networks' Letter of Consent**

This is to confirm that Hydro One Networks Inc. ("Hydro One") supports your application to amend the E.L.K. Energy Inc. ("E.L.K.") Distribution Licence as proposed in E.L.K.'s service area amendment application to include the properties with the following legal descriptions:

- Lot 1, Plan 12M565; Town of Kingsville (10 Emily Ave, Kingsville ON, N9Y 2K5)
- Lot 2, Plan 12M565 (12 Emily Ave, Kingsville ON, N9Y 2K5)
- Lot 3, Plan 12M565 (14 Emily Ave, Kingsville ON, N9Y 2K5)
- LT 4 PL 12M565 & PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 1 PL 12R24801; Town of Kingsville (16 Emily Ave, Kingsville ON, N9Y 2K5)
- Lot 5, Plan 12M565 (18 Emily Ave, Kingsville ON, N9Y 2K5)
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- LT 6 PL 12M565 & PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 3 PL 12R24801; Town of Kingsville (20 Emily Ave, Kingsville ON, N9Y 2K5)
- Lot 7, Plan 12M565 (22 Emily Ave, Kingsville ON, N9Y 2K5)
- PT LT 3 CON 1 Eastern Division Gosfield Designated as PT 4 PL 12R24801; Town of Kingsville (22 Emily Ave, Kingsville ON, N9Y 2K5)



Also, Hydro One supports the E.L.K. request to proceed with this service area amendment without a hearing.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON ON BEHALF OF ANDREW SKALSKI

Andrew Skalski