

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

December 29, 2015

John Pickernell
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: E.L.K. Energy Inc.
2016 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2015-0064**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant and the intervenor have been copied on this filing.

E.L.K. Energy Inc. responses to interrogatories are due by January 14, 2016.

Yours truly,

Original Signed By

Kelli Benincasa
Electricity Rates and Accounting

Encl.

**E.L.K. Energy Inc.
EB-2015-0064
OEB Staff Interrogatories**

Interrogatory #1

Ref: Rate Generator Model Tab 8 – Shared Tax Rate Rider

**Ref: Chapter 3 Filing Requirements for Electricity Distribution Rate Applications
3.2.7 Tax Changes**

Rate Class		Total kWh (most recent RRR filing)	Total kW (most recent RRR filing)	Allocation of Tax Savings by Rate Class	Distribution Rate Rider	
RESIDENTIAL SERVICE CLASSIFICATION	kWh	89,130,958		-7,579	-0.06	\$/customer
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	29,746,584		-1,475	-0.0000	kWh
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	57,346,380	186,064	-1,946	-0.0105	kW
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	259,677		-10	-0.0000	kWh
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	180,687	471	-1	-0.0029	kW
STREET LIGHTING SERVICE CLASSIFICATION	kW	2,302,093	6,451	-442	-0.0685	kW
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	52,151,234	115,371	-488	-0.0042	kW
Total		231,117,613	308,357	-\$11,942		

OEB staff notes there are insignificant rate riders in several rate classes. Please confirm if E.L.K. Energy wishes to transfer the tax sharing amount to Account 1595 for disposition at a future date.

Interrogatory #2

Ref: Regulated Return on Equity (ROE) Letter dated October 16, 2015

On October 16, 2015 a letter was sent to E.L.K. Energy regarding E.L.K. Energy's ROE measuring 19.22% in 2014 – 1,010 basis points above the target ROE that was the basis upon which Rates were established. Attached to the letter was Appendix A which explained most of the main drivers for E.L.K Energy's over-earning in 2014.

- A)** Given E.L.K Energy's over-earning in 2014 has E.L.K. Energy considered filing to not increase its base rates for the 2016 rate year?
- B)** Please explain if any of the drivers are expected to continue in 2015 and 2016.

Interrogatory #3

Ref: Decision and Rate Order EB-2014-0067 Paged 5 – 6

Ref: Rate Generator Tab 6

E.L.K. Energy's Decision and Rate Order regarding E.L.K. Energy's 2015 IRM application¹ stated "I note that while the net balance is a credit of \$1,232,542, this includes a credit balance of \$6.2M in the RSVA – Power account offset by a debit balance of \$5.8M in the RSVA – Global Adjustment account. The RSVA – Global Adjustment account is only applicable to non-regulated price plan (RPP) customers. These are extremely high balances for a service area the size of E.L.K. The RSVA – Power account alone is 26 times the disposition threshold. While I recognize that the 2013 deferral and variance account balances are audited, balances of this magnitude put into question whether amounts have been properly allocated between the accounts. Issues of rate retroactivity may arise if any problems with the balances are discovered after account balances have been disposed on a final basis.

For this reason, I will not approve disposition of any balances at this time until E.L.K. completes a comprehensive review of its deferral and variance account balances. This would best be completed as part of its year-end audit. E.L.K. is to provide the results of its review in its next rate application, describing the rationale as to why the balances in accounts 1588 and 1589 are of such magnitude or what adjustments have been made to the balances."

- A)** Please state whether E.L.K. conducted the review noted above.
- B)** If yes, please provide the results.
- C)** If not, please explain why not.
- D)** Board staff notes the average Non-RPP residential customer will be charged \$6.56 (800kWh x .0082) and the average Non-RPP General Service Less than 50 KW will be charged \$16.54 (2000kWh x .0082) as calculated in the 2016 Rate Generator. Please explain why the rate riders for the Global Adjustment 1589 Account are so high.

¹ Decision and Rate Order EB-2014-0067