



November 30, 2016

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.
("E.L.K.") (OEB File No. EB-2016-0155)

In accordance with Procedural Order No. 2, please find enclosed E.L.K.'s reply submission in the above mentioned proceeding.

Sincerely

A handwritten signature in cursive script that reads "Mark Danelon".

Mark Danelon
Director, Finance & Regulatory Affairs

**E.L.K. ENERGY INC.
REPLY SUBMISSIONS**

A. INTRODUCTION

1. E.L.K. Energy Inc. (“**E.L.K.**”) files these written submissions to the Ontario Energy Board (the “**OEB**”) in reply to the submissions received from Hydro One Networks Inc. (“**HONI**”) and OEB Staff (“**Staff**”) (collectively, the “**Parties**”) in respect of E.L.K.’s application file April 12, 2016 to amend its licensed service area pursuant to Section 74 of the *Ontario Energy Board Act, 1998* to include lands owned by Sellick Equipment Ltd. (the “**Customer**”), specifically PIN 75204-0252(LT) (the “**Customer Lands**”), and 1710690 Ontario Inc. (the “**Developer**”), specifically PIN 75204-0253(LT) (the “**Developer Lands**”) (the “**Application**”).
2. Not surprisingly, HONI does not support the relief requested in the Application. HONI has taken considerable efforts throughout this proceeding to complicate the evidentiary record and otherwise to overwhelm and burden E.L.K. (see Part C below). E.L.K. is a modest LDC with limited resources. E.L.K. struggles to compete with the far greater resources that HONI can, and has, devoted to opposing this Application.
3. Of particular concern to E.L.K. is that HONI has complicated the evidentiary record in this process so much that Board Staff has concluded that “an accurate ‘apples to apples’ comparison required for assessment of economic efficiency of competing connection proposals cannot be arrived at.” Before delving into particulars, a brief overview of the background would be helpful.

B. BACKGROUND

4. E.L.K. distributes electricity in the areas of Essex, Harrow, Belle River, Comber, Kingsville, and Cottam in accordance with OEB licence EB-2003-0015. E.L.K. is integrated into its local community. E.L.K. continuously strives to exemplify excellence in responding to its customer's needs and preferences.
5. Under its Renewed Regulatory Framework for Electricity Distributors, the OEB places considerable emphasis on *customer focus: ensuring that services are provided in a manner that responds to identified customer preferences.*
6. As described in the April 12, 2106 cover letter attached to the Application, E.L.K. filed the Application following a written request from the Customer for E.L.K. to provide electricity distribution service to the Customer Lands. E.L.K. was unable to fulfill the Customer's request in the absence of an approved service area amendment.
7. The Customer was, at that time, scheduled to commence construction of a new commercial facility on the Customer Lands on April 20, 2016.¹
8. This Customer need was a key driver for bringing the Application in early April 2016.
9. However, there was also another driver. Unfortunately, HONI appears to have mismanaged its relationship with the Customer. HONI readily concedes that the Customer had been in contact with HONI regarding this connection request since July 27, 2015.² Over this time, the Customer grew increasingly frustrated by HONI delays and indifference. This is evidenced in Attachment 3.3 of the original Application (titled "Customers emails requesting an Offer to Connect from Hydro One"), which culminated in the Customer making an inquiry of the OEB's Consumer Relations Department regarding HONI's compliance with offer to connect ("OTC") timelines (E.L.K. is not aware of the outcome of this process) and in the Customer asking E.L.K. to provide distribution service directly.

¹ Email from the Customer attached to the original Application.

² Exhibit I, Tab 2, Schedule 10, Pages 1-2 and Attachment 1 (HONI Response to E.L.K. Interrogatory #10).

10. The relationship between HONI and the Customer has clearly deteriorated. This is perhaps not surprising to anyone who has read the report prepared by Ombudsman André Marin in May 2015 following an investigation into HONI's billing practices and the timeliness and effectiveness of its processes for responding to customer concerns (the “**Ombudsman Report**”).³ In the Ombudsman Report, Mr. Marin observed that:
- (a) “Hydro One tried to contain reputational damage by dealing quietly and reactively with issues as they arose. Whenever bad publicity surfaced in the press, Hydro One adopted a dismissive and minimizing approach, claiming that only a small percentage of its customers were affected by the billing problems. Its statistics and descriptions of the issues were nebulous and shifted over time [...]”⁴
 - (b) “The source of Hydro One’s mind-boggling maladministration does not lie in defective data and software programming. Rather, its fatal fault is a technocratic and inward-facing organizational culture that is completely out of step with public sector values. Even after Hydro One pledged to become more customercentric, to do better, and to learn from its mistakes, it continued to display insensitivity and disregard for its customers.”⁵
 - (c) “Hydro One’s ordeal has underscored an expensive lesson in public administration: Its customers must be considered in every aspect of its operations. Although the Chief Executive Officer and President has offered a public *mea culpa* and several changes have been made to improve customer service, much remains to be done to bring the company up to the standard Ontario’s citizens deserve.”⁶
 - (d) “My report clearly documents Hydro One’s failure to communicate openly, honestly and proactively with its customers, its regulator, Ministry officials and my Office. I am concerned that unless accountability is assured through independent and impartial scrutiny, stakeholders may once again find themselves in the dark.”⁷
11. E.L.K.’s objective in bringing the Application was to facilitate the Customer’s need for distribution services in a timely manner, and to respond to the Customer’s desire for more cost effective, responsive and customer friendly service.

³ Available online at:
https://www.ombudsman.on.ca/Files/sitemedia/Documents/Investigations/SORT%20Investigations/HydroOne-ENG-MAY_webready.pdf

⁴ Ombudsman Report at para. 4.

⁵ Ibid. at para. 7.

⁶ Ibid. at para. 8.

⁷ Ibid. at para. 11.

12. Setting aside HONI's poor customer service track record, why else would the Customer prefer E.L.K. over HONI?
- (a) The OEB publishes electricity distributor scorecards to measure how well Ontario's distributors are performing. The results are telling. HONI is ranked in group 5 (least efficient) in the OEB's 2015 scorecard on efficiency assessment of electricity distributors, reporting a total cost per customer of \$983. By contrast, E.L.K. is ranked in group 1 (most efficient), reporting a total cost per customer of \$428. E.L.K. is a more efficient and cost effective distributor than HONI.
 - (b) In 2015, HONI reported a CAIDI and SAIFI of 12.22 and 3.07 respectively. By contrast, E.L.K.'s a CAIDI and SAIFI of 0.61 (5.00% of the duration of HONI reported outages) and 0.21 (6.8% of the frequency of HONI reported outages) respectively. As a whole, E.L.K.'s system is more reliable than HONI's system, although in this case both distributors do intend to draw service from the same physical M7 feeder.
 - (c) E.L.K. is local, with an office in Essex, Ontario. E.L.K.'s employees are also members of the communities which E.L.K. serves. E.L.K.'s customers appreciate this. As a consequence, E.L.K. is more responsive to the needs of the local community and local customers. The improvements proposed by the Customer in its new industrial facility will make it best-in class – creating secure, well-paying and stable jobs in the community for years to come. Facilitating a timely connection of this customer to facilitate this local development is a key priority for E.L.K. However, this priority has been lost in the context of this Application.

C. THE DEVELOPER LANDS

13. The Developer also supported E.L.K.'s Application. However, the Developer's efforts are not as advanced as the Customer's. At the time of Application, neither HONI nor E.L.K. had provided the Developer with a formal Offer to Connect.
14. E.L.K. had originally proposed that the Developer Lands be included in scope of the Application, largely for efficiency reasons: why go through this lengthy process twice for two adjacent parcels of land? The distributor that is found to be most efficient to serve the Customer Lands is almost certainly to be the distributor that is most efficient to subsequently serve the Developer Lands.
15. However, in consideration of the submissions of HONI and Board Staff and following consultation with legal counsel, E.L.K. hereby formally withdraws its request for a service area amendment to include the Developer Lands in the E.L.K. licensed service area.
16. The remainder of this reply will focus on the service area amendment request only as it relates to the Customer Lands.

D. HONI'S CONDUCT IN THIS PROCEEDING

17. E.L.K. struggled with HONI's conduct in this proceeding. HONI has taken very litigious approach, taking efforts to complicate the evidentiary record and generally being non-responsive to E.L.K.s requests for information or co-operation.
18. For example, on April 22, 2016 the OEB issued a letter to E.L.K. identifying certain additional information that must be provided before the Application would be processed. That information included a requirement that E.L.K. must provide the OEB with HONI's offer to connect to the Customer.
19. Similar to the Customer's experience, E.L.K. had a very difficult time obtaining information or assistance from HONI. As explained in the letter dated May 24, 2016 filed with the OEB and included on the record for this Application, E.L.K. attempted to obtain the necessary data from HONI on April 22, 2016, April 25, May 2, May 12 and again on May 17. E.L.K. continued to diligently pursue this information from HONI after filing its May 24, 2016 letter with the OEB.
20. Finally, on June 10, 2016 – nearly two months after the original Application was filed – HONI delivered an offer to connect to the Customer, a copy of which was attached to E.L.K.'s June 21, 2016 updated Application materials (the "**Original OTC**").
21. During this two month period, HONI had an opportunity to re-engineer and re-design its proposed connection numerous times. HONI took all the time it wanted to ensure that it would end up with a total engineering, design, labour, equipment and administration cost that was less than the costs shown in the E.L.K. offer to connect which was attached to the original Application. By doing this, unlike E.L.K., HONI avoided having to make some major revisions or design changes to its proposed connection public as part of this hearing. Meanwhile, the Customer was left stranded without a viable connection and E.L.K. was unable to advance its Application in any meaningful way to assist.
22. As a second example, on August 25, 2016 Board Staff requested, by way of written interrogatory #9, information regarding all projected costs associated with the expansion of the distribution system in order to connect the Customer by each distributor.

23. E.L.K. filed its response to this interrogatory on September 8, 2016, as was required by Procedural Order No. 1. In this response, E.L.K. noted that HONI refused to provide E.L.K. with the information requested in order to perform the requested comparison. Rather, HONI asked E.L.K. to provide its data directly to HONI.
24. Rather, than assisting E.L.K. with its interrogatory responses, HONI filed a response to this interrogatory itself on September 8, 2016, and not surprisingly in this response HONI indicated that it had issued a new offer to connect the Customer on August 5, 2016 (the “**First Revised OTC**”). HONI stated that the First Revised OTC arose because the Customer revised its load profile, and was now requesting service for a 2000 ampere service, 347/600V secondary service voltage rating and for a 1200KW maximum load.
25. The timing is relevant. In HONI interrogatory number 2, filed August 25, 2016, HONI asked a series of questions that were designed to elicit the impact of this change in anticipated load profile on E.L.K.’s economic assessment and offer to connect. HONI no doubt knew about this.
26. In response to HONI interrogatory 2(e) filed September 8, 2016, E.L.K. noted that because of the newly forecasted peak demand of 1.2 MW, the Customer would now be responsible for their own transformation and the demarcation point would transition to the high voltage connection on E.L.K.’s existing dead end pole currently sitting within the new road allowance of the Developer Lands. This change shifted the responsibility for the bulk of the new connection costs directly to the Customer (which would be responsible for their own transformation). The result was that E.L.K.’s costs were reduced to \$17,135.16.⁸
27. Not surprisingly, E.L.K.’s revised costs were slightly less than the costs reported by HONI in their Original OTC of \$18,494.38, but slightly higher than HONI’s First Revised OTC of \$16,462.88.

⁸ ELK response to HONI interrogatory 2 together with Exhibit 1, both filed September 8, 2016 and available online at:
http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/542190/view/ELK%20Energy_IR_R_covltr_20160908.PDF

28. As noted in response to HONI interrogatory 4(f), E.L.K. had included in its estimate the actual costs associated with the relocation of an existing pole located on the Developer Lands of \$8,432.49 plus HST.⁹ E.L.K. has not withheld this information –it is readily available on the evidentiary record. For the reasons more fully explained in Part E below, E.L.K. is of the view it should not be a relevant factor.
29. On September 22, 2016, as part of its intervenor evidence (the “**HONI Evidence**”), HONI indicated that it had issued the Customer a newly revised offer to connect on September 21, 2016 (the “**Second Revised OTC**”) which (not surprisingly) further reduced HONI’s connection costs to \$16,103.17.
30. In addition, at page 7 of the HONI Evidence, HONI further notes that:
- “ELK’s responses to interrogatories suggest that the relocation cost of the distribution assets is \$8,432.49 and that this cost is included in ELK’s OTC to the Customer. The Customer should not be responsible for relocation charges that resulted from the expansion of a municipal roadway, charges that should be a responsibility of the municipality or, if an arrangement has been made, the Developer. Either way, Hydro One agrees the charges are a cost of the connection but they should not be recovered from the Customer unless these costs were specifically triggered by the Customer.”
31. E.L.K. agreed with HONI’s assessment, and on October 4, 2016 E.L.K. issued a revised offer to connect to the Customer to correct for this error. The revised offer to connect reflected a revised cost of \$8,702.67. E.L.K. promptly filed this revised offer to connect with the OEB currently with its interrogatory questions to HONI, on October 6, 2016.
32. In the HONI Evidence, HONI also introduced the facts that E.L.K. is embedded within the HONI distribution system, that HONI owns the M7 feeder, that E.L.K. is a sub-transmission customer of HONI, and that as a result HONI would charge E.L.K. incremental sub-transmission charges (“**ST Charges**”). HONI’s argues vehemently that the OEB should take these incremental ST Charges into account when comparing the two proposals.

⁹ ELK response to HONI interrogatory 4 filed September 8, 2016 and available online at: http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/542190/view/ELK%20Energy_IR_R_covltr_20160908.PDF

35. This would include, but is not limited to, the Customer. The Customer Lands are identified by the blue dotted square in this figure.

36. HONI appears to be contesting this fact in its final submissions at page 5 of 10 – stating:

“Hydro One has had no opportunity to test this response in this proceeding but submits that this is a completely inaccurate representation of fact. As outlined in previous versions of E.L.K.’s evidence, E.L.K. admits that E.L.K. is an embedded distributor of Hydro One - not the other way around. Hydro One owns the M7 feeder that either LDC will utilize to service the Customer - not E.L.K. As a result, contrary to E.L.K.’s suggestion, the OEB does not need to assess how the suggested E.L.K. incremental charges would flow through the Hydro One rate models to assess economic impacts because there will not be any incremental charges to assess. In other words, on a net basis, E.L.K. is not billing Hydro One any delivery charges.”

37. This is surprising. HONI has long been billed as an Embedded Distributor by E.L.K. for HONI’s existing customers along this segment of the M7 line. This originated in E.L.K.’s EB-2011-0099 cost of service rate application, in which E.L.K. sought and obtained approval from the OEB to establish an Embedded Distributor rate class to charge to Hydro One.¹⁰ E.L.K. has been charging HONI as an Embedded Distributor in connection with HONI’s usage of this segment of the M7 line to serve other HONI customers in accordance with this and subsequent rate orders since this time.

38. In fact, concurrently with this service area amendment Application, E.L.K. has been consulting directly with HONI in relation to E.L.K.’s 2017 cost of service rate application (EB-2016-0066) which was filed with the OEB on November 1, 2016 (the “**COS Application**”). As part of preparing the COS Application, E.L.K. was required to report on its consultations with its Embedded Distributors. As noted in Section 2.1.3 of Exhibit 1 of the COS Application:

“In connection with preparing its rate application, E.L.K. has consulted with HONI and advised HONI on E.L.K.’s cost allocation and rate design proposal. On July 8, 2016, E.L.K. had a conference call with HONI to outline the proposal and HONI, while HONI reserved final judgement until they see the actual numbers (which makes sense); HONI was in general agreement with the approach proposed by E.L.K. On August 17, 2016, E.L.K. provided a copy of its model to

¹⁰ OEB Decision and Rate Order dated May 2, 2013 (EB-2011-0099).

HONI. HONI responded in writing and confirmed that ‘it has reviewed the 2017 cost allocation model with respect to ELK’s proposed Embedded Distributor rate class and has no concerns with the determination of costs allocated to the embedded distributor class.’ ”

39. These discussions focused directly on the proper cost allocation treatment to reflect HONI’s usage and ownership of the M7 line. Based on these facts, E.L.K. had proposed a new methodology to directly allocate certain costs to HONI to better reflect HONI’s ownership of the M7 line and HONI’s usage of E.L.K.’s system. As noted above, HONI ultimately reviewed E.L.K.’s proposed cost allocation model with respect to E.L.K.’s proposed Embedded Distributor rate class, and HONI stated that it had no concerns with the determination of costs allocated to that class.
40. E.L.K. is very concerned about HONI’s positioning on the ST Charge issue. On the one hand, HONI vehemently argues that the OEB should take into account incremental ST Charges that it would charge E.L.K. if the Customer is an E.L.K. On the other hand, HONI is denying the fact that it will incur any incremental charges as an Embedded Distributor customer of E.L.K. HONI’s denial stands in the face of:
- (a) the existence of the Embedded Distributor rate classification for HONI in multiple OEB approved rate orders for E.L.K.;
 - (b) the fact that E.L.K. has historically charged HONI based on these OEB approved rate orders for other HONI customers located along this segment of the M7 line; and
 - (c) the fact that E.L.K. and HONI recently engaged in detailed discussions and ultimately agreed on the appropriate cost allocation methodology to use for exactly this segment of the M7 line for the Embedded Distributor class going forward.
41. Because of the complicated existing billing arrangement, E.L.K. expects that it will be billed by HONI an incremental ST Charges **regardless** of whether E.L.K. or HONI provides service to this Customer. This is why E.L.K. explains in part 2 of its response to

HONI-2(b) (Second Round) that the incremental ST Charges identified by HONI will **occur in both cases.**

42. E.L.K. goes on to explain that the OEB also needs to take into account other incremental upstream charges which HONI will incur from E.L.K. if the Customer is served by HONI. These costs are calculated in part 2 of its response to HONI-1(b) (Second Round) and ranged from \$12,625.21 to \$50,676.62 depending on the monthly volume scenario used. **These costs will only occur if the Customer is a customer of HONI.**
43. For these reasons, E.L.K. submits that the OEB should ignore HONI’s arguments around the incremental ST Charges. HONI is not proposing that the OEB perform an “apples to apples” comparison. Rather, HONI is attempting to confuse and obfuscate the evidentiary record in this proceeding.

E. CONNECTION COSTS AND ECONOMIC EFFICIENCY

44. Board Staff summarized the costs to be incurred by HONI and E.L.K. in final submissions. These costs were detailed in offers to connect filed on the evidentiary record and shown in the table below.
45. While it is not a factor in the OEB’s economic assessment methodology for SAAs – nor is E.L.K. arguing that it should be - E.L.K. has also included each utility’s respective materiality thresholds to help keep everything in perspective.

Cost Item	E.L.K.	Hydro One
Non-contestable work	\$8,702.67	\$16,103.17
Contestable work	Not required	Not required
Civil works	Supplied by Sellick	Supplied by Sellick
Capital contribution	\$0	\$0
Materiality Threshold	\$50,000	\$1,000,000

46. Board Staff argues that E.L.K.’s offer to connect does not represent the “fully loaded costs”. Board Staff’s conclusion is based on three main assertions.

47. First, Board Staff correctly notes that E.L.K.'s costs reduced significantly from its initial offer to connect of \$83.8k. As described above, E.L.K.'s costs reduced significantly after the Customer revised its load profile on July 26, 2016. As previously explained, a main reason for this reduction was that, when the Customer changed its load profile it became responsible for the costs associated with installing its own transformation facility.
48. Effectively, both the HONI and E.L.K. proposals transfer substantial cost responsibilities directly onto the Customer. Since the Customer incurred costs are not known to either E.L.K. or HONI – the OEB has limited evidence on this matter.
49. For this reason, E.L.K. reached out to the Customer to determine whether or not, in light of these facts, the Customer continued to support E.L.K.'s Application.
50. A copy of the Customer's letter was filed as Exhibit 4 of E.L.K.'s October 6, 2016 evidence update. In the letter, the Customer indicated that they had reviewed and considered the implications of both the final HONI and E.L.K. offers to connect, and in light of those facts the Customer continued to support E.L.K.'s Application.
51. Second, Board Staff expressed confusion over an amount included in the original E.L.K. offer to connect. Specifically, Staff noted:
- “In addition, ELK stated that in its initial Offer to Connect, it incorrectly charged Sellick the amount of \$20.6k for installing two new poles into existing overhead line to facilitate new connection “... when in fact they were incurred at the request of a different customer (the developer).” It is unclear to staff why ELK would undertake any work requested by the Developer when, at this point, the Developer is neither ELK's existing customer nor its potential customer.”
52. E.L.K. would like to clarify some confusion in Board Staff's submissions. First, the \$20.6k referenced above was an estimate of pole relocation costs assuming shutdowns would have be arranged and the work done on overtime at the time of the original E.L.K. offer to connect. E.L.K. subsequently completed the pole relocation work during normal working hours, at an actual cost of \$8,432.49. E.L.K. will address the substance of Board Staff's concern together with the third point below – since they both relate directly to the question of the pole relocation.

53. Third, Board Staff expressed concerns that the costs associated with the relocation of an existing E.L.K. pole was not accounted for by E.L.K. in its assessment of the economic efficiency of the offer to connect Sellick, which in Board Staff's view is not consistent with the RP-2003-0044 decision.
54. E.L.K. disagrees.
55. The costs associated with the relocation of an existing pole located on the Developer Lands of \$8,432.49 plus HST is already on the evidentiary record – it was filed in response to HONI interrogatory 4(f).¹¹ If the OEB wants to include these costs in its comparison of total costs, it is not lacking the evidence to do so.
56. However, the fact is that the pole relocation costs were not incurred as a result of the Customer's connection request. By operation of the Distribution System Code, these costs should not be charged to the Customer. This was correctly noted by HONI in its intervenor evidence, and should factor into the OEB's consideration.
57. More importantly: **E.L.K. would have incurred the pole relocation costs regardless of whether E.L.K. or HONI ultimately provides electricity distribution services to the Customer Lands or the Developer Lands.**¹²
58. This fact is the only reason E.L.K. agreed to complete the pole relocation when it did.
59. As explained in response to HONI-2 (Second Round) and HONI-3 (Second Round), this is because E.L.K. requires the pole to service its current customers located within E.L.K.'s service area. And this original pole was located in the middle of the Developer's right of right of way, upon which civil work and construction to complete the Clark Street extension was already in process. The E.L.K. pole became a key barrier to completing the Developer's civil construction work.

¹¹ ELK response to HONI interrogatory 4 filed September 8, 2016 and available online at: http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/542190/view/ELK%20Energy_IR_R_covltr_20160908.PDF

¹² E.L.K. response to HONI - 2 (Second Round), available online at: http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/550506/view/ELK%20Energy_IR_R2_20161110.PDF

60. The location and completion of the Clark Street extension is occurring independently of and notwithstanding the outcome of this SAA Application. It has been approved by the local municipality and construction work was already underway (the curbs for the new road had already been installed and pavement was ready to be poured).
61. HONI would have had E.L.K. refuse to move the pole, regardless of these facts. This demonstrates a willingness to neglect the needs of yet another potential customer, the Developer, in favour of gaining a perceived advantage in an OEB regulatory process.
62. E.L.K. does not agree. It would not have been reasonable to cause considerable delays, and incremental costs, to a local development project – particularly when the pole relocation would need to occur no matter the outcome of this Application. The pole needed to stay on the west side of the road, as noted by email from John Boldt at Hydro One (attached as Exhibit 2 to the E.L.K. Oct. 6, 2016 update):

“E.L.K.’s existing pole needs to stay on the west side of the road as it is currently supplying power on Clark St and the electrical configuration at this corner was designed the way it currently is due to large truck traffic at that corner.”

63. For these reasons, E.L.K. submits that the pole relocation costs are not relevant to the OEB’s assessment of economic efficiency. The costs would have been incurred by E.L.K. regardless of whether HONI or E.L.K. provides service to the Customer. It is a red herring.

F. CONCLUSIONS

64. Customer need and preference in this case is abundantly clear. For a variety of good reasons, the Customer would prefer to have E.L.K. provide electricity distribution service rather than HONI.
65. Despite E.L.K.’s much stronger reliability performance system wide, reliability is realistically unlikely to materially differ regardless of whether HONI or E.L.K. provides service. This is because both utilities intend to use the same HONI M7 feeder to provide service from.

66. Finally, despite the efforts of HONI to obfuscate the evidentiary record, the economics are also clear. E.L.K.'s connection is more economic than what is proposed by HONI. This is perhaps not surprising, given E.L.K.'s proven ability to operate on a tight budget (group 1 efficiency) and HONI's proven ability to overspend (group 5 efficiency).
67. As summarized in the table below, this outcome remains true even if the OEB factors in the incremental pole relocation costs incurred by E.L.K. (which occurs regardless of which LDC serves the Customer, and thus must be accounted for in both columns), and if the OEB factors in the incremental ST Charges (which occur regardless of which LDC serves the Customer) and incremental Embedded Distributor charges (which only occur if HONI serves the Customer) to be incurred by each utility respectively.

Cost Item	E.L.K.	Hydro One
Non-contestable work	\$8,702.67	\$16,103.17
Contestable work	Not required	Not required
Civil works	Supplied by Sellick	Supplied by Sellick
Capital contribution	\$0	\$0
Pole relocation cost (already incurred)	\$8,432.49	\$8,432.49
Incremental ST Charges	up to approx. \$125k	up to approx. \$125k
Incremental Embedded Distributor charges	\$0	up to approx. \$50k
Materiality Threshold	\$50,000	\$1,000,000

All of which is respectfully submitted this 30th day of November, 2016.



Mark Danelon