



Ontario Energy Board
Commission de l'énergie de l'Ontario

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2016-0066

E.L.K. Energy Inc.

Application for 2017 Rates

March 14, 2017

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1 INTRODUCTION

E.L.K Energy Inc. (E.L.K. Energy) filed a cost of service application with the Ontario Energy Board (OEB) on November 1, 2016 seeking approval for changes to the rates that E.L.K. Energy charges for electricity distribution, to be effective May 1, 2017. For a typical residential customer beginning May 1, 2017, the proposed increase was \$3.50 per month.

A Notice of Hearing was issued on February 6, 2017.

Further to the Notice of Hearing, the OEB hosted one community meeting on March 2, 2017 in Essex, Ontario regarding E.L.K. Energy's 2017 rates application.

This is an OEB staff report summarizing the outcomes of this community meeting. This report will be placed on the public record of the OEB hearing of this application along with copies of any written presentations made at the meeting. This report includes a summary of comments, questions and concerns raised during the community meeting by customers who attended the meeting. This summary is intended to capture the range of perspectives that were shared, rather than to provide a verbatim transcript of the meeting.

Customers are also able to submit individual written letters of comment with the OEB, either during a community meeting or any other time during the course of the OEB's review of an application. The OEB places written letters of comment on the public record of the specific proceeding. All comments must be submitted to the OEB before the decision-makers in that case begin to consider their decision on the application. In making its decision, the OEB considers everything on the public record, including all comments when determining whether to grant the requests made by E.L.K. Energy in this application.

2 THE PROCESS

The OEB convenes community meetings in the service territories of local distribution companies that have applied to the OEB to change their rates through a cost of service proceeding.

Community meetings are part of the OEB's process of reviewing a rate application. The OEB has established a [Consumer Engagement Framework](#) to ensure that the perspectives of customers served by rate-regulated entities are considered in the OEB's decision-making process.

Community meetings are hosted by OEB staff who inform customers about the role of the OEB in rate-setting and the processes involved. OEB representatives explain the various ways that customers can become involved in the adjudicative process. A copy of OEB staff's presentation is attached to this report as Schedule A.

To assist customers in better understanding the application, the utility makes a presentation explaining its proposals for capital, operations and other spending that result in the requested rate change. A copy of E.L.K. Energy's presentation is attached to this report as Schedule B.

Customers and municipal officials are also invited to make presentations outlining their thoughts on the utility's proposals.

Following the presentations, customers have the opportunity to ask questions of the OEB and the utility about the application and the regulatory process. The issues raised by customers in the community meetings are documented and used by OEB staff in reviewing the application, asking interrogatories and making submissions to the OEB panel hearing and deciding the application. Any verbal comments provided to OEB staff at the community meeting are summarized in this report with no attribution.

In addition to providing verbal comments to OEB staff, customers attending the meetings may express their concerns directly to the OEB by providing individual comments (with attribution) through an online form on the computers provided or by filling in a hard copy comment form, which is then submitted to the OEB by OEB staff.

3 SUMMARY OF THE MEETING

The E.L.K. Energy meeting was held at the Essex Center Sports Complex in Essex, Ontario on March 2, 2017 from 6:00 p.m. to 8:15 p.m. Approximately 30 customers attended the meeting to hear presentations from OEB staff and E.L.K. Energy. Prior to the presentations, OEB and E.L.K. Energy staff were available to informally talk to attendees and answer questions. OEB and E.L.K. Energy representatives responded to questions from attendees during and following the presentations.

The following OEB staff and E.L.K. Energy representatives attended the meeting:

OEB Staff

Sylvia Kovesfalvi, Manager, Stakeholder Relations
Kristi Sebalj, Registrar
Andrew Bodrug, Senior Advisor, Stakeholder Relations
Donald Lau, Project Advisor

E.L.K. Energy

Mark Danelon, Director Finance and Regulatory Affairs
Norm MacAulay, Operations Manager

The OEB and E.L.K. Energy presented at the meeting.

Meeting participants had concerns over the rising costs of their bill, the justification of E.L.K. Energy's rate increase, how costs are fairly distributed between customers and why are they paying for development projects that have no direct benefit to them. Customers wanted to express their concerns that this bill increase is only one of many other increases they are seeing in their bills and they have concerns being able to continue to meet the rising cost of electricity – an essential service. One consumer indicated that he had already eliminated cable services, cut back on groceries and made other adjustments to their household budget and is fearful there is nothing left to cut. His family is doing their best not to have to rely on government support to meet their bills. Another customer indicated they were now choosing between paying for their medications or paying for their hydro. They wanted to know the justification for the amount of rate increase and the value they are receiving for it, such as reliability.

There were also inquiries about costs that make up the rate increase such as the price to prepare the application, capital projects, and costs to maintain the system. One consumer spoke at length at the number of outages in a particular neighborhood.

Another indicated there are regular outages (~1-2 times a month) which have required consumer to be hyper-vigilant in case of flooding. This consumer has had to replace three sump pumps, purchase a monitoring device and increase home insurance coverage because of flooding. Some consumers could support an increase if it helps E.L.K Energy to eliminate outages.

Customers also asked about the fairness in rates going up as a result of reduced usage and why they are asked to cover the utility's lost revenue. They also raised concerns about Time-of-Use rates and how it is unfair to those who are at home all day, especially seniors who are on a fixed income, and for whom waiting until off-peak hours is more difficult. People also questioned if there are plans to expand E.L.K. Energy's service territory into Hydro One's territory and the importance of not being taken over by Hydro One.

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
E.L.K. ENERGY INC.
EB-2016-0066
MARCH 2, 2017



Ontario Energy Board Commission de l'énergie de l'Ontario

Getting Involved In OEB's Decision-Making Process

OEB Community Meeting – Essex

March 2, 2017

Every Voice Matters

This meeting is an opportunity to ask questions about your utility's rate application and tell us what you think about it.

The OEB wants to hear from you to ensure we take your concerns into account as we make a decision about your utility's rate application.

To ensure everyone feels welcome, safe and able to express their opinion at tonight's meeting, we will all be:

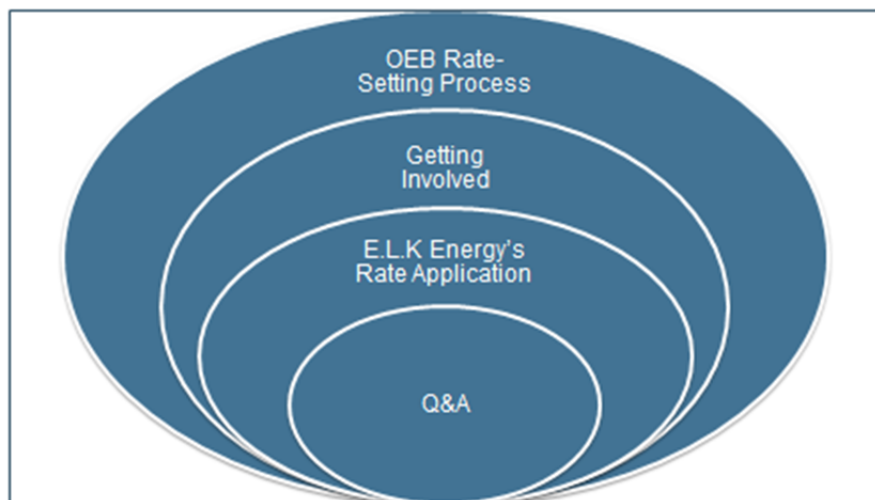
- Respectful
- Brief – so everyone can contribute
- Constructive
- We appreciate your productive participation.



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Scope of Tonight's Meeting



Who We Are

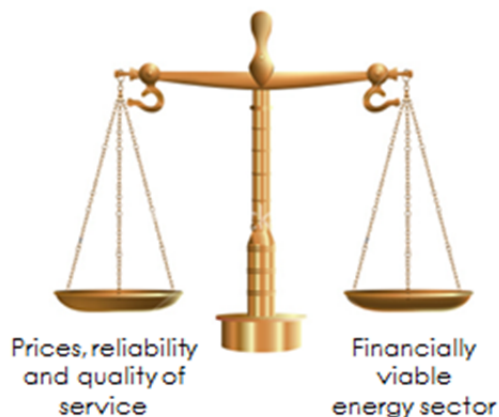
- The Ontario Energy Board is an independent public agency.
 - Regulating gas since 1960 and electricity since 1999
- Our goal is to promote a sustainable and efficient energy sector that provides energy consumers with reliable energy services at a reasonable cost.

The OEB Sets Distribution Rates

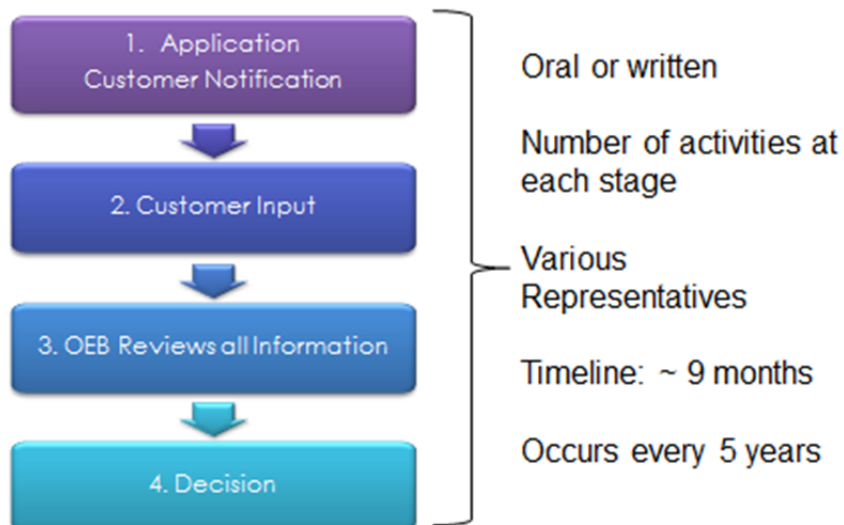
- The OEB reviews the “rates” that a local utility can charge customers
- A rate is an amount that recovers:
 - a utility’s costs of providing distribution service (such as operations, maintenance, administrative expense, capital projects)
 - a fair return on equity

Delivering Value – Ensuring Reliability

The OEB’s job is to align various objectives to ensure reliability



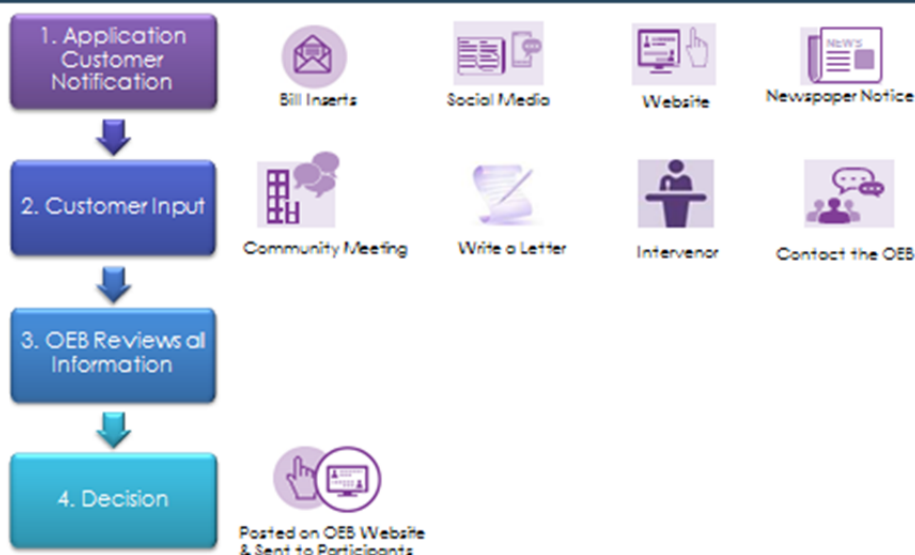
OEB Rate-Setting Process: Hearing Steps



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Be Heard in the OEB's Process



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OEB Hearings

- Open to all
 - Evidence is public
 - All written hearing materials posted on OEB website
 - All oral hearings open to the public and broadcast through OEB's website



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What Can You Do?

- OEB wants to hear from you. We encourage you to:
 - Ask questions
 - Provide comments (via post or email)
 - Attend or listen in on the hearings
 - Follow the proceedings

- Your voice helps the OEB do our job:

***Ensuring utilities deliver value by focusing on
what matters most to you***



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What Happens Next?

- The OEB Panel decides on written or oral hearing
- Then they consider the information
 - Utility's application
 - Your comments
 - Intervenor submissions

Contact OEB to Learn More



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Your Voice Matters – Thank You



SCHEDULE B
E.L.K. ENERGY INC. PRESENTATION
E.L.K. ENERGY INC.
EB-2016-0066
MARCH 2, 2017



Community Meeting

Essex Centre Sports Complex

Thursday March 2, 2017

Background

- **E.L.K. Energy Inc.**
 - Is funded by distribution rates paid by its customers
 - Must submit evidence to justify the amount of funding it needs to operate
 - Gathers and considers the input and preferences of customers in planning and prioritizing its spending
 - Through the COS process the rates are rebalanced to consider the actual level of prudent costs associated with operating and maintaining the distribution system

Request to the Ontario Energy Board

- E.L.K. Energy Inc. has applied to the Ontario Energy Board to raise its electricity distribution rates effective May 1, 2017.
- If the application is approved, a typical residential customer of E.L.K. Energy Inc. would see an increase of approximately \$3.50 per month.

Customer Input

Key concern:

1. Affordable electricity costs;

Other priorities:

2. Reliability of service with rapid response to un-planned outages;
3. Information supporting the value of services provided;
4. Assistance to reduce consumption and thereby costs;
5. Professional interactions with highly skilled and experienced personnel;
6. Communications through a variety of media including phone, internet, social media, in-person and email;
7. Proactive communications when there are un-planned outages;
8. Business to be customer centric including timely service that solves their problems; and
9. Continued delivery of high quality services.

We take Affordability Seriously

- E.L.K. is one of the **leanest and lowest cost** utilities in Ontario
 - Ontario Energy Board compares all utilities across the province based on cost efficiency
 - E.L.K. is the **third most efficient utility** in the province
 - E.L.K. operates on average at **37.6% below expected costs**
 - By comparison, 29 utilities are operating on average **15.7% above expected costs**
 - The highest percentage utility is operating at **70.0% above expected cost**
- PEG July 2016 Benchmarking Update
- Only **1** other utility in Ontario has **lower** residential and small business rates than E.L.K., when using the OEB's website tool "Calculate your Bill"

We take Affordability Seriously

*"Figures from the Ministry of Energy show the **average monthly charge for delivery of electricity is \$32 for typical household consumption of 750 kilowatt hours**. That includes meter reading, general utility operations and a variable charge based on the amount of power used.*

The fees range from a low of \$15.55 at tiny ELK Energy Inc. in Essex, near Windsor, to a high of \$90.84 for seasonal customers in remote areas served by Hydro One."

Rob Ferguson, Toronto Star, February 6, 2017

Why are we asking for a rate increase?

- Succession planning to maintain an adequate and skilled employee base
 - To maintain low cost, E.L.K. is very lean (minimal staff)
 - Linemen and engineers take years to train
 - These are the people required to operate and maintain the distribution system
- We need to hire now to be ready for recent and future retirements:
 - 2 linemen
 - 1 operations/engineering staff

Why are we asking for a rate increase?

Capital investments

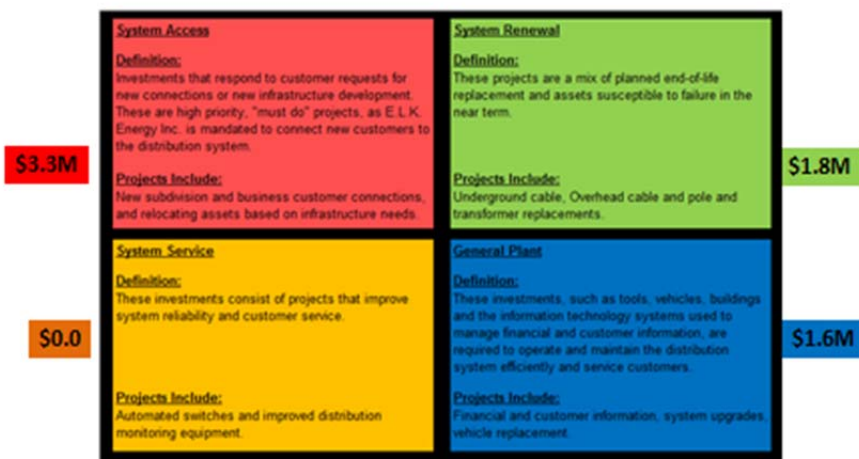
- 2017 capital investments in the system in-line with historical average spending

2013	2014	2015	2016	2017 (planned)
\$1,478,888	\$988,178	\$1,328,020	\$1,479,500	\$1,313,503

- Steady and consistent plan into the future

2017	2018	2019	2020	2021
\$1,313,503	\$1,429,202	\$1,355,258	\$1,364,543	\$1,367,384

Capital Investments



Why are we asking for a rate increase?

- Increasing regulatory burden
 - Customer engagement
 - Implementing government programs
 - Ontario Electricity Support Program
 - Arrears Management Program
 - New OEB reporting requirements
- We need to hire now to deal with increased workload:
 - 1 accounting/regulatory staff
- Additional benefits
 - increased financial controls and monitoring

Why are we asking for a rate increase?

- One-time costs - preparation and support of this OEB rate application
- Other inflationary cost increases

2017 Business Plan

E.L.K. has taken a strategic approach to its business plan in order to position itself to deliver on its goals and objectives.

1. Maintain an adequate and skilled employee base to meet ongoing demand and meet E.L.K.'s Capital Investment Plan.
2. Increase regulatory/accounting and operational capacity in the accounting and engineering departments. Right size these departments.
3. Plan to meet E.L.K.'s Service Quality Objectives by increasing formal customer engagement activities.
4. Plan to meet E.L.K.'s Conservation and Demand Management Objectives.
5. Plan to formalize the asset management process
6. Plan to meet E.L.K.'s Health, Safety and Wellness Objectives

The Risks

- Without this resourcing and investments, E.L.K. will struggle to meet these goals.
 - Limited resourcing is becoming an issue
 - Workloads are increasing
 - Support is needed

The Conclusion

Efficiency Assessment

- The OEB divides electricity distributors into five groups based on their efficiency.
 - Group 1 is the most efficient (best).
 - Group 5 is the least efficient (worst).
- **Even with the requested increases set out in the application, E.L.K. forecasts that it will remain ranked in Group 1 – most efficient**

The Conclusion

Group I	Group II	Group III	Group IV	Group V
Stretch Factor = 0%	Stretch Factor = 0.10%	Stretch Factor = 0.30%	Stretch Factor = 0.60%	Stretch Factor = 0.80%
Cooperative Hydro Enduron Inc.	Colfax Power Corporation	Albion Hydro Inc.	Canadian Niagara Power Inc.	Algoma Power Inc.
E.L.K. Energy Inc.	Emergence Hydro Mississauga Inc.	Bluewater Power Distribution Corporation	Niagara Peninsula Energy Inc.	Chapleau Public Utilities Corporation
Hydro One Networks Inc.	Entegris Powerlines	Brantford Power Inc.	Niagara-On-the-Lake Hydro Inc.	Enwin Utilities Ltd.
Hydro Markham Inc.	Essex Regional Hydro Distribution Corporation	Brant County Power Inc.	North Bay Hydro Distribution Limited	Festival Hydro Inc.
Northern Ontario Wires Inc.	Essex Powerlines Corporation	Burlington Hydro Inc.	Oakville Hydro Electricity Distribution Inc.	Hydro Ottawa Limited
Wasaga Distribution Inc.	Grimsby Power Incorporated	Cambridge and North Dumfries Hydro Inc.	Orangeville Hydro Limited	Midland Power Utility Corporation
	Haldimand County Hydro Inc.	Centre Wellington Hydro Ltd.	Orillia Power Distribution Corporation	Peterborough Distribution Incorporated
	Heart Power Distribution Company Limited	Greater Sudbury Hydro Inc.	Ottawa River Power Corporation	PUC Distribution Inc.
	Kitchener	Erie Thames Powerlines Corporation	Powerstream Inc.	Rathfriland Hydro Inc.
	Lakefront Utilities Inc.	Port Francis Power Corporation	Ridgely St. Lawrence Distribution Inc.	Wellington North Power Inc.
	London Hydro Inc.	Qualtrix Hydro Electric Systems Inc.	Sixx Lockout Hydro Inc.	Woodstock Hydro Services Inc.
	Neumark	Horizon Utilities Corporation	St. Thomas Energy Inc.	
	Ontario PUC Networks Inc.	Hydro 2000 Inc.	Tillamook Hydro Inc.	
	Welland Hydro-Electric System Corp.	Hydro One Brampton Networks Inc.	Thunder Bay Hydro Electricity Distribution Inc.	
		Westco Hydro Distribution Systems Limited	Vandian Connections Inc.	
		Kenora Hydro Electric Corporation Ltd.	Waterloo North Hydro Inc.	
		Kingsville Hydro Corporation	Westlake Power Inc.	
		Lakeland Power Distribution Ltd.	Whitby Hydro Electric Corporation	

For More Information

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