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BY E-MAIL

May 12, 2017

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

Dear Ms. Walli:

Re: E.L.K. Energy Inc. (E.L.K. Energy)
Application for 2017 electricity distribution rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2016-0066

Please find attached OEB staff's follow-up questions in preparation for the settlement conference in the above noted proceeding. E.L.K. Energy and all intervenors have been copied on this filing.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Rates Major Applications

Attach.

OEB Staff Interrogatories
2017 Electricity Distribution Rates Application
E.L.K. Energy Inc. (E.L.K. Energy)
EB-2016-0066
May 12, 2017

2-Staff-50
Rate Base
Ref: 2-Staff-9
Neither parts of the question were answered. Part a) was about reconciling the 2013 beginning PP&E in this proceeding to the approved ending PP&E in 2014 proceeding when MIFRS adjustment was disposed. The Table provided under Part a) does not have the same values as the approved PP&E.

Part b) required ELK to provide updated Appendices 2-BAs. If the Opening PP&E is not consistent with the approved PP&E, then all the fixed asset Tables for subsequent years need to be revised to reflect the opening in 2013 (the opening PP&E in year 2014 should be the closing PP&E in 2013). E.L.K. Energy did not update Appendix 2-BA as requested. The test year PP&E must flow out of the years prior to the test year.

Please provide the requested update as requested.

3-Staff-51
Load Forecast
Ref: 3.0-VECC-21
Please provide more clarity on the reasons why the load for Embedded Distributor rate class has dropped historically and the future expectation of this trend.

4-Staff-52
Employee Costs
Ref: 4-Staff-28
Ref: 4.0-VECC-25
Ref: Appendix 2-K
E.L.K. Energy had stated the reasons for hiring the additional lineman is in anticipation of retirements and a proper succession plan. In the table provided in VECC-25 it shows that there are no anticipated retirements in the next 5 years. E.L.K. Energy also stated in Staff-28 that both linemen are fully qualified.

a) Please explain the need for fully qualified linemen when there are no anticipated retirements in the next 5 years?

b) Please explain why the total number of employees in the table VECC-25 do not match Appendix 2-K

4-Staff-53
Meter Maintenance & Readings
Please provide a cost breakdown of the Meter Maintenance & Readings OM&A program.

9-Staff-54
Deferral and Variance Accounts
Ref: 9-Staff-40, 9-Staff-41, 9-Staff-42, 9-Staff-43, 9-Staff-44
The questions were not answered satisfactorily for 9-Staff-40 to 9-Staff-44.

This is how the OEB staff understands the issue with GA not charged to certain class of customers:

- There are 2 rate riders that were not collected: one had a sunset date of April 30, 2014, and the other April 30, 2015.
- These rate riders were not collected because they were not set up in E.L.K. Energy's CIS system.
- Tariff sheets show these rate riders correctly for both, EB-2013-0123 and EB-2011-0099.
- E.L.K. Energy does not agree with the OEB staff that it was a billing error.
- Relevant excerpts from RSC regarding Billing Errors:
    - 7.7.4 Where a distributor has under billed a customer who is not responsible for the error, the distributor shall allow the customer to pay the under-billed amount in equal instalments over a period at least equal to the duration of the billing error, up to a maximum of 2 years.
    - 7.7.7 Where the distributor has under billed a customer or retailer, the maximum period of under billing for which the distributor is entitled to be paid is 2 years….
    - 7.7.8 A distributor may charge interest on under-billed amounts only where the customer or retailer was responsible for the error….
    - 7.7.11 The provisions of section 7.7 do not apply where the distributor over billed or under billed a customer or retailer but issues a corrected bill within 16 days of the issue date of the original erroneous bill.

a) It is not clear why E.L.K. Energy does not consider it a billing error. E.L.K. Energy has control over its CIS system where the error was made.

The error is over 3 years old in case of the first rate rider (GA rate rider under EB-2011-0099), and the second one is over 2 years old (GA rate rider under EB-2013-0123). Both rate riders are over the time period allowed for corrections under the RSC. Even if E.L.K. Energy considers it to be “residual amounts” in account 1595, carrying charges are not appropriate in this case, as the rate payer would be paying for the mistakes made by the distributor. Please provide further justification on E.L.K. Energy’s position on the matter.

b) E.L.K. Energy has stated that it knows what portion of the rate rider is attributable to GS >50. However, there are intergenerational issues to consider. The amount allocated to this rate class is approximately $2.1 million, a very material number. Can E.L.K. Energy identify the customers who contributed towards this variance when it first originated? Would E.L.K. Energy be able to apply the rate rider to only the customers who were to pay the affected rate riders from 2013 to 2015?

c) E.L.K Energy’s balances in 1595 do not match its 2.1.7 filings. There is a difference of approximately $520K debit. Please reconcile the balances.

d) E.L.K. Energy did not use the locked version of the EDDVAR model and did not provide a locked version when requested in an IR. There are numerous “adjustments” in the adjustments columns which have not been satisfactorily explained when requested. Please prepare explanations on the changes to the model.

e) Were the other rate riders on GS> 50 class properly entered in E.L.K. Energy’s CIS system?

9-Staff-55
True-up Process
Ref: 9-Staff-47

ELK’s description of “true-up” does not say how GA for RPP is trued up to actual billings.

Please provide an analysis of ELK’s GA using the attached template.