



E.L.K. ENERGY INC.
ED-2003-0015

2018 Incentive Rate Mechanism Rate Application

Electricity Distribution

Rate Application

EB-2017-0036



E.L.K. Energy Inc.
2018 IRM Application
EB-2017-0036

March 1, 2017

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: E.L.K. Energy Inc.
Distribution License ED- ED-2003-0015
2018 Incentive Regulation Mechanism (“IRM”) Distribution Rate
Application EB-2017-0036 Wholesale Market Participant**

E.L.K. inquired as to what rates to apply to a customer that is billed directly by the IESO from application EB-2016-0066. E.L.K. reviewed the data with Borden Ladner Gervais and confirmed that the volumes for the wholesale market participant (WMP) customer in question was taken out for a calculation that supports the currently approved “Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP customers excluding those customers who paid a rate rider for the disposition of GA for a minimum of 12 months- effective until April 30, 2022”. The volume used was 42,391,681 kWh. This can be seen in the file ELK Energy_GA Rate Design_20171005_, tab Rate Analysis, cell E19. Therefore the rate of \$0.0056 per kW is correct.

Based on this, our view is that this rate rider should not be charged to the WMP.

In addition, the volumes for the WMP customer are not taken out for the calculation that supports “Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP Customers - effective until April 30, 2022”, which is currently \$.0045 per kWh.

E.L.K. together with BLG re-ran the model for the Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP Customers – effective until April 30, 2022 to exclude the volume for the WMP customer. When this is done, and using the average kW/kWh ratio for the GS > 50 kW class on the WMP customer to determine kWh, the rate goes to \$0.0046 per kWh.



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If this rate rider is left-unchanged, and if E.L.K. voluntarily does not charge this rate rider to this WMP customer – then E.L.K. would under recover a total of around \$6,600.

Finally, with respect to the “Rate Rider for Disposition of Deferral/Variance Accounts (2017) – effective until April 30, 2018” we re-ran-the models with the WMP data. In this case there would be two separate rate riders for the disposition of deferral/variance accounts. One for all customers and one for Non-WMP customers. With this change the WMP should pay \$6,869.00 more and all other GS > 50 kW customers should pay \$6,869.00 less. We note this impact is significantly below E.L.K's materially threshold of \$50,000.

Given the foregoing, E.L.K. proposes no changes are required to the currently approved rates and the WMP should not be charged the riders related to account 1595 but should be charged the rate rider for disposition of deferral/variance accounts.

Thank you

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